INTERNATIONAL RELATIONS SELECT COMMITTEE

The Transformation of Power in the Middle East and Implications for UK Policy
Oral and Written Evidence

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Wednesday 2 November 2016

10.30 am

Members present: Lord Howell of Guildford (Chairman); Baroness Coussins; Lord Grocott; Lord Hannay of Chiswick; Baroness Helic; 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. 3 Heard in Public Questions 20 - 29

Witnesses

I: Mr Neil Crompton, Director, Middle East and North Africa, Foreign and Commonwealth Office; Mr Nicholas Abbott, Head, Middle East and North Africa, Central Operations Department, Foreign and Commonwealth Office; Mr Tom Pravda, Head of HMG’s Daesh Taskforce and Head of Iraq Department, Foreign and Commonwealth Office.

Q20 The Chairman: Good morning, and thank you very much for coming before us. You are all from the Foreign and Commonwealth Office. I am obliged to remind you that this session is webcast and open to the public and that a verbatim transcript will come out, of which you will get a copy and which can be clarified, amplified or amended as you wish in due course. Those are the basic formalities. I repeat that we are very grateful to you for sparing your time, with the Foreign and Commonwealth Office ever busier. I have no doubt that you are all busier in all aspects as well. These are the early stages of an inquiry that the Committee is conducting into what might best be called the transformation of power, the changes in the power centres of the Middle East, and how they affect United Kingdom policy but also global policy, and all aspects ranging from China’s involvement to the changing position of Saudi Arabia, Iran and so on. The change in the dispersal and fragmentation of power is very much our focus. I will start with a general question, and I am very happy for all three of you to answer. I shall start with Mr Crompton, but do please chip in if you feel it necessary on this question, or any others that follow.

Let us start with the bigger picture and go back to the so-called Arab spring in the earlier part of this century, the assessment then of where it would lead, the realisation of where it has led in some areas and how you think the UK has adapted to this unfolding scene, which in many ways has belied high hopes and produced what is, frankly, an amazing labyrinth of difficulty and violence today.

Neil Crompton: Thank you, Lord Chairman. It is a big question, as you say. For someone like me, who did Middle East studies at university a long time ago, we used to think of the Middle East as an unstable region but actually it was
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remarkably stable in terms of continuity of governance, whether they be monarchies, republics or dictatorships, punctuated by occasional conflicts into which the UK was drawn. Obviously the Arab spring and the convulsions that flowed from the overthrow of many of the old systems have changed that sense of certainty. As you say, we have a set of myriad conflicts and political challenges. There is no longer any real sense of certainty about the region or its stability. That has meant a profound change in the way that we have to deal with it, and inevitably a lot of what we are doing is trying to deal with the crises of the day.

For me as the geographical director, I think we have three big sets of generic policy issues in the Middle East. First, we have what I call the failures of governance challenges, as a result of either the Arab spring, our interventions or a combination of both. I would put Iraq, Syria and Libya in that category. I will also put Yemen in that category, although the context there is a bit different, in that it was a failing state before the Arab spring, and the Arab spring only accelerated the process. The second set of challenges is how we balance our regional interests. We have traditional partners in the region that are very important to us, such as the Gulf states, Egypt and Israel, and we see an opportunity through the Iran nuclear deal, which we thought was a very important accomplishment, to start the process of bringing Iran back into the international community. However, many of our partners in the region—the Israelis and the Gulf states—feel threatened by Iran, so we need to balance our interests. Iran continues to pursue some policies, particularly in its racial behaviour, which we object to, and we need to work with our Gulf partners to push back against those.

There is a third set of challenges around what I loosely call the short term versus long term, ensuring that we devote enough time to trying to promote the sort of sustainable political and economic reform in the region that will prevent a repeat of the events of 2011. Many of the underlying causes of the Arab spring, such as the sense of economic disempowerment among young people and demographic trends, have not really been addressed by any of the Governments in the region. So we have devoted a certain amount of time to trying to ensure that we can promote sustainable economic and political reform.

Other things have changed: the world has become more complex. Twenty years ago, when making Middle Eastern policy, the Foreign Secretary could call Washington, perhaps Riyadh or Cairo and possibly Tel Aviv, and solve maybe 85% of our policy. Today we find that the number of actors have changed. There are more sub-state actors, and regional power has shifted. Many of the big players in the region now are not Arabs; Turkey, Iran and Israel have become much more important. The Gulf states have become relatively more important as partners as the rest of the region has become convulsed by instability. Egypt remains a very important partner, but it has spent much of the last five years internally focused.

The Chairman: You talk about the end of certainty. Would it be unfair to suggest that the Arab spring was clouded with beliefs that it was another Prague Spring, and that democracy and liberty would immediately arise? They did not, so this got it quite badly wrong. Were there consequences from that disappointment—let us put it like that—that led to changes of policy? Were there costs for getting the assessment wrong?
Neil Crompton: I have two comments, and colleagues might want to come in. It was termed the Arab spring early on, for obvious reasons. I always thought it was a bit of a misnomer. Part of the challenge was that, unlike the Prague Spring, there was no real intellectual undercurrent to the change that came about. It was spontaneous. There were no Vaclav Havel figures; there was no tradition of democracy in the region. Most political parties and the political space had been squeezed so that there were no organised groups, other than some of the Islamist groups, which were well positioned to acquire more political power during the period.

You can debate whether the West made mistakes, and it would be interesting to see the conclusions. The Arab spring came at a very bad time for us, in the midst of a financial crisis, when the West was essentially broke. There is an argument, for example, that in the case of Egypt, had we been able to provide large-scale economic support that would have allowed it to make some important economic reforms up front but would have involved buying off political opposition as it moved to cut through subsidies and other things, the transition would have been smoother. In the end, the West could muster only $7 billion, and we found that other countries in the region that were less keen on reform than Egypt were able to provide considerably larger sums of money. So it is an historical accident that it happened at a time when the West was preoccupied with its own internal economic problems.

Lord Grocott: I picked up a phrase you used in your general summary of Britain’s involvement. You talked about various conflicts into which the UK “was drawn” in the Middle East. This is a very general question, but the level of our involvement across the Middle East is staggering. We are in a post-colonial period but you would barely know it sometimes from the involvement militarily, diplomatically and mentally—if that is the right word. Is that level of involvement about right, or should we be more involved or less involved? I cannot quite imagine a Committee like this sitting in state in the Middle East discussing the implications of Scotland leaving the United Kingdom or something of that sort, but we think nothing of doing exactly the same in reverse. Is the scale right?

Neil Crompton: Personally, I think it is, but that is a very valid question. Historically, we have always been involved in the Middle East. It is Europe’s back yard.

Lord Grocott: That is an odd way of describing it. Do they describe Europe as being the Middle East’s back yard, I wonder?

Neil Crompton: The West has an interest in resolving conflicts like the Arab/Israeli conflict. We have had important commercial and security relationships there; the Gulf states, for example, are our sixth largest market in the world. We have important historical relationships. One thing I omitted to say in my opening remarks is that one of the things that has changed since the Arab spring is that, because of the instability there, threats from the Middle East are now coming directly into the homeland. Some of this always existed—there was a brief spell of, for example, Palestinian terrorism in London in the 1970s, and the al-Qaeda phenomenon was associated with parts of the Middle East. But since 2011, the global centre of Islamic jihad has shifted from Afghanistan and Pakistan to the Middle East through Daesh. That affects our current domestic communities in a much more significant way than al-Qaeda ever did. Over 800 Britons who have gone to fight?
**Neil Crompton:** Of course, the new phenomenon in the past two or three years has been not only the conflict in Syria but also, because of the instability in sub-Saharan Africa, the migration problem. Whether or not we want to scale back, our national security interests draw us towards more engagement upstream, as do our commercial interests. That is certainly the view that Ministers have taken. In the United States there is a profound debate—this is an interesting discussion that we may well have here too—about the level of US interests in the Middle East and whether historically, or at least for the past 20 years, they have overinvested in the Middle East. We are seeing a process of retrenchment from the region, which in turn affects our ability to get things done.

**Lord Purvis of Tweed:** You mentioned that previously the Foreign Secretary’s first calls would be to Washington, Tel Aviv and so on, which would sort out about 85% of the policy. I am wondering who the Foreign Secretary calls first now. Who does he call to try to resolve 85% of problems now?

**Neil Crompton:** He has to call more people, and some of the people he calls are not receptive. Obviously, Washington is still an important first point of call, and Paris, Berlin and Brussels are all very important. Of the regional players, Riyadh and some of the smaller Gulf states—Abu Dhabi, Qatar—have become important in a way that they were not when I first joined the Foreign Office, because they are willing to exercise influence overseas. Thereafter it depends on the issue. Turkey is an active player on all these issues, as, for better or for worse, is Iran; there is a dialogue to be had with them but it is very complicated. Then, as I am sure we will come on to, there is a range of sub-state actors: the Kurds, for example, have become relatively more important to our interests. So it varies very much from issue to issue.

**The Chairman:** I am a little uneasy about some of your answers. It sounds to me as though the Foreign and Commonwealth Office and our experts and policymakers were aware that the certainty was ending, but were they aware that we were living in a new world of connectivity and networks that was going to disperse very rapidly the power of the previous rulers—in some cases, tyrants—and lead to their overthrow at incredible speed? Was that appreciated? After all, that is what happened. It was almost as though the leaders were not aware what was going to hit them, and our policymakers were not aware of the overriding power of the communication revolution in taking power to the streets.

**Neil Crompton:** It is certainly true that leaders in the region did not recognise this or see it coming. Baroness Helic is better placed to answer this because she was sitting next to the Foreign Secretary when it all happened. I think we underestimated this, partly because for many years we had Government-to-Government contacts, which tend to take place with leaders, security services and intelligence services. As you said at the beginning, we are all busy and we perhaps have less time than we did to travel around countries and talk to lots of people; very often, the host Governments did not do that. So we probably underestimated the sense of discontent that there was around the region. That combination of discontent allied to Twitter and social media generally—in Egypt, for example—was a new phenomenon, although we had had a glimpse of it. We Arabists tend to forget the importance of Iran, but historically what happens in Iran often takes place two or three years ahead of what happens in the Arab world—Mosaddeq in the 1950s preceded Nasser—and the green revolution was the first popular uprising in a country that was played out live on TV and through
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social media. Some of that rippled through the Arab world three or four years later.

**The Chairman:** I want to get on to whether we had a wrong reaction to a wrong assessment, but Lord Inglewood has a question here.

**Lord Inglewood:** In response to Lord Purvis’s question about the Foreign Secretary’s telephone list, you then bracketed the names of those countries with sub-state actors. Is he putting people such as the leader of the Kurds on his telephone list? If you are right and they are also important, surely he ought to.

**Neil Crompton:** He does talk to the leaders of the Kurds.

**Lord Inglewood:** In the same way?

**Neil Crompton:** Not as regularly, but the Kurds are extremely important actors, both in Iraq and in the fight against Daesh. However, they do not have a role in, say, Yemen.

**Lord Inglewood:** No, but in terms of exercising our policies and influence in the Middle East, we do not necessarily discriminate between states and non-states; we are interested in the power politics. Is that right?

**Neil Crompton:** I think that is right.

**Tom Pravda:** May I add to that? Yes, we engage with the actors who have a locus on what is happening and can help to influence that, but with the Kurds in Iraq we are very clear about the primacy of the Government in Baghdad as the sovereign Government for the whole country of Iraq. Our engagement with the Kurds is calibrated in that way, including in the fight against Daesh. They are a meaningful actor, but they are an Iraqi actor and part of the Iraqi effort against Daesh specifically.

**Neil Crompton:** Certainly, every Minister I know who goes to visit Iraq regularly will go to Baghdad and then visit Erbil, for consultations with both.

**Lord Hannay of Chiswick:** You have very clearly described the background to the Arab spring and our reaction to it. Could you have a shot at looking ahead and say roughly where you think this process we are living through at the moment will come to any kind of stability again? Are we facing something like after the French Revolution with a counterrevolution in the form of Napoleon—in this case perhaps in the form of people like Sisi—that will stabilise the situation for a certain period again, as it did in Europe in the early 19th century up to 1848, which is quite a long period of time? Could you say where you think this process might lead rather than just straightforward hand-to-mouth responses to events?

**The Chairman:** Could I just add that I think this is the first time I have ever heard it suggested that Napoleon stabilised the situation?

**Neil Crompton:** There is a lot of academic debate: is this the equivalent of the 30 years’ war? At what point are we—five years or 10 years? The honest answer is that we do not know. A lot will depend on the outcomes of the areas of governance. There is a scenario in which in three years’ time Iraq is on a solid path and Daesh are defeated, and the Iraqi political class makes the sort of political reforms and addresses sectarian policies that prevent the resurgence of Daesh III; in a sense, Daesh is al-Qaeda II. There is a scenario in which we reach a settlement with Russia and Iran, the key regional players in Syria, which
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leads to a return to a broadly representative form of government in Syria. We think that we have a long way to go on Libya, but Libya is ultimately resolvable. If you remove those three big sources of instability in the region, it is possible to predict a much more stable situation in the next three to five years. But we will still be left with some of the bigger questions around good economic and political governance.

**Lord Hannay of Chiswick:** Can you throw in Iran and Saudi Arabia?

**Neil Crompton:** Yes, there is a separate dimension to this, in Iran and the regional competition between Iran and in shorthand Saudi Arabia, although there is a broader tension between the Arab world and Israel and Iran. It used to be a cold war, and it has been essentially a hot war for the last three or four years, playing out in Syria and Yemen. It is a cold war in Iraq, really. The positive scenario is that you can come to an equilibrium in the region in which, if there is a settlement in Syria, it will see the removal of President Assad, who has been Iran’s historical ally in the region, and a more representative Government. That would see a net reduction in Iranian influence. At the moment, Iranian influence in Iraq is artificially high, partly because the Arab world since the invasion has largely neglected Iraq. In a stable Iraq, Iranian influence would be reduced, and a scenario would develop in which we would reach a diplomatic settlement in Yemen, whereby the Gulf states would choose to invest a lot more money in Yemen than they have done historically, squeezing the Iranian influence there. The countries in the region can relax a bit more, as we move from the hot war to a cold war, back to détente and then back to a more traditional balance between the regions. But I could give you many worse scenarios, too.

**The Chairman:** I think that we are getting on towards the next question, from Baroness Helic.

**Q21 Baroness Helic:** I am delighted to hear that there is a positive scenario. Without too much elaboration, could you say whether Russia will play a stabilising factor in that positive scenario? Also, I wish I could answer some questions that you are answering now, but I cannot. I remember at the beginning of the Arab spring something called the Arab development fund was set up, which fed into the Conflict, Stability and Security Fund, which is around £1 billion a year. Could you shed some light on how and where that has been spent and what kind of impact it has had? I fully understand that it has been active only from 2015, so you probably do not have the full results yet—but perhaps you could give us a bit of a flavour.

**Neil Crompton:** Russia has always been involved in Syria, but there is a sense in which it is back in the Middle East in a big way—a bigger way than it has been, really. The last time Russia was this important in the Middle East was in the early 1970s when Sadat expelled it from Egypt. They played a secondary role in Iraq and in Syria, but they are now back. Putin, as part of his world approach, is determined to make a statement, which is a new calculation. He is, as all analysts would say, filling some of the space used by the US withdrawal. We do not think that his military intervention in Syria has been constructive, not least because of the extraordinary numbers of people who have been killed. But in the end a diplomatic settlement in Syria will require regional accommodation with Russia, so we are trying to construct a policy that allows us to reach a settlement that will satisfy all the different players, including Russia. There is a natural limit to levels of Russian ambition in the region, in that many countries in the region have deep historical suspicions of the Russians. Iran has its own
tensions with Russia, which was the historical aggressor. We were competitors with Iran for a long time. Russia does not have much of a positive vision to offer beyond hard power—it does not have any soft power. It is a new fact of life and, to go back to the phone call question, we have to call Moscow more often about events in the Middle East than we used to.

I will say something very general about funds—Nick is the expert. There are a number of new funds in the Foreign Office, some of which were set up when he was there. The Conflict Fund morphed into the CSSF, which is the Conflict, Stability and Security Fund, which was largely a by-product of Libya, when Ministers were frustrated that Whitehall could not move money quickly enough to do upstream stabilisation in risky environments. The CSSF is worth £1 billion across the world. In the Middle East, we spend £165 million annually—for example, in Syria, Libya, Lebanon and Jordan. We can give you some examples. On top of that, the Arab development fund was designed to deal with the long-term causes of the Arab spring—the failures of economic and political governance. So we have looked again at that. Last year, we secured agreement through our comprehensive spending settlement to a north Africa good governance fund, which means £20 million this year, £40 million the next year and £60 million the year afterwards. It is designed to promote civil society, sustainable political institutions and economic reforms in ways in which the UK has been historically good. It is modelled a little bit on what we did in central Europe after the collapse of the Soviet Union. We have joined forces with DfID on that; in the Foreign Office we have a JCPOA1 north Africa unit with FCO and DfID personnel, so we can combine our diplomatic skills with their sense of how to run longer-term programmes and development issues, as well as their economic savviness. There are two slightly different streams of work.

Nicholas Abbott: The CSSF grew out of the Conflict Pool, which was very much focused on FCO, DfID and MoD, and very much on a bilateral, country basis. The change in the CSSF has been to create a much more cross-Whitehall fund, which brings together all those who are working on the Middle East, or interested in working on the Middle East, around National Security Council strategies. That has driven a very different approach to our programming in the region. It has allowed a lot more interaction across Whitehall in defining what it is we are trying to do—but then also actually doing it. We have tried, particularly in the MENA region, to have our teams looking at conflict. So it is not just about saying that we have a country programme and this is the piece of the cake that we want this year; it is much more about asking what we can achieve in the Syria conflict and whether that will be in Jordan, southern Turkey or Syria itself, in Lebanon or Iraq. That has been a big change, and it changes the way in which the teams work and are constructed, and the people who are working in them.

We have more cross-Whitehall programme teams now than ever before. And, as you say, we are really only into the second year. We are seeing greater impact than we have had before. You will have heard of some of the programmes, including the work we have done with the Lebanese border force on strengthening the border between Lebanon and Syria to prevent Daesh and others from entering the country. We are working on civil defence with civil society in Syria, not only giving the White Helmets the capacity to respond but, in doing so, supporting a moderate opposition. The White Helmets are effectively

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1 The Joint Comprehensive Plan of Action (or the Iran Nuclear Agreement)
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doing more than just rescuing people, important though that is. We are also using CSSF in the Libya conflict, for instance, to look at not just practical things like demining and supporting civil society but also at how to provide UK expertise and advice to others, whether that is UN operations, EU operations or the Libyan Presidency Council. We have had advisers working with them over the last year.

Q22 Lord Wood of Anfield: I would like to hear your view on the progress of the Iran deal. Obviously there is nervousness about this in both Tehran and Washington, and it would be interesting to hear from your point of view how you think it is going. Is it naive to think that this might open the doors to wider co-operation between Iran and the West more broadly, or is the challenge at the moment just to keep the show on the road for the existing deal? How much is this damaging our relationship with Saudi and other states, which obviously are very nervous about some sort of rapprochement with Iran?

Neil Crompton: Self-evidently, we are strong supporters of the deal. We worked hard for it. It is often talked of as a US/Iran deal, but the E3\(^2\) started the process back in 2004. It was a decade in the making and we think it is significant—in fact, one of the more significant pieces of international diplomacy in recent years. On the nuclear deal itself, the agreement is holding well. In January it will be a year since we signed the formal agreement. Iran is honouring its commitments. It has had two clean bills of health from the IAEA,\(^3\) with an unprecedented level of inspection. Iran has now signed and ratified the additional protocol. We see no evidence of cheating, and we continue to monitor that extremely closely. There is no nuclear dividend for our intelligence services, for example. We are operating on the principle of “trust but verify”, as with all nuclear agreements. I have dealt with Iran for many years, and an important part of the agreement was that this is effectively the first agreement in which the US and Iran have been involved in serious negotiations since the revolution apart from the negotiation back in 1980 over hostages. Both capitals have crossed a psychological threshold in agreeing this, and we expect that they will both want to honour the agreement. There is an election next week so that may change, but we at least are planning continuity of policy.

On your broader question, we think this is an opportunity to begin the process of bringing Iran back into the international community. Iran is probably the most complicated country in the region. It is not a democracy, as we know, but a pluralistic system of government and an open society that is evolving. We do not know at what pace it will move to a more normal system of government, but it is evolving in ways that make it more amenable for us to deal with. We have experience of working with the current executive leadership—Hassan Rouhani, Foreign Minister Zarif—on foreign policy issues. I was in Tehran during the President Khatami era, which was the high point of Iranian/Western co-operation; there was a serious dialogue about Afghanistan, an important dialogue over Iraq and co-operation in other areas. We think it will be a long-term process. There will be bumps on the road, and some of it will depend on how Washington acts. However, we hope that whoever the next US President is will feel that this is an agreement they should stick with and try to move forward and work with that natural process of change.

\(^2\) France, Germany and the United Kingdom  
\(^3\) International Atomic Energy Agency
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In answer to your question, our partners in the region—the Saudis, the Gulf states and Israel—do not like the agreement. The Gulf states at least are publicly supportive but privately they worry that essentially we have moved from a policy of containment to one of trying to draw Iran back into the international community. They are making their adjustments. We are emphasising to them that our commitment to their security is as it was before, and we have a beefed-up UK effort through the Gulf strategy to ensure that. Over time, they will make their own accommodations. At the moment there is a period of great tension, as Lord Hannay said, but they will find their own way of talking to each other, and it is in our interests to foster that. There is a tension there, and we have to manage it.

**Lord Hannay of Chiswick:** Could you tell us what you will do if you come into the office on 9 November to discover there is a President-elect in the United States who says he is going to junk the whole deal? What advice would you be likely to give the Foreign Secretary, and what position do you think the French and the Germans, and indeed the Russians and Chinese, would take in those circumstances, which would be quite difficult to handle? Secondly, I ask you to speculate on the following. Fifteen years, which is the duration of the agreement, is not a very long time. I think it is clear that there would be great tensions if the agreement came to an end with nothing to replace it. Is it not time to be thinking about ways of mobilising and generalising some of the provisions of the Iran agreement—for example, on the prohibition on the enrichment above nuclear generation percentage—which could then make it more palatable to the Iranians in the long term? Are we giving any thought to that?

**Neil Crompton:** My advice to the Foreign Secretary would be that we should argue strongly that we should stick with the agreement. This was not a US-Iran agreement; it was an agreement between Iran and the E3+3 (Russia, China and the United States), and we would want to honour our part of the agreement. We would argue that vigorously to a new US President, and I think we would be in good company. I do not actually think it is a likely scenario, but you are right to ask the question. It may indeed be that there is some questioning of elements of the agreement by a new US Administration. An important part of what we have been doing with the Obama Administration, and what we will do with the new US Administration, is to emphasise that our part of the bargain, in the sense of the E3+3, was to ensure that Iran can enjoy the benefits of sanctions being lifted so that President Rouhani and others can say, “This agreement is meeting the interests of both sides”. We will continue to do that.

On your second question, you are right: 15 years is not that long, for those of you who have dealt with disarmament issues for much longer than I have. We need to take a long-term perspective. A moderate amount of thought has gone on this. We are still in year 1 of policing the JCPOA, but we need to give thought to what our long-term relationship is with Iran. There is a technical dimension to that as well as a political one. Fifteen years will be a long time in Iran’s political development. The age of the current post-revolution leadership, for example, suggests that it may be in a very different condition then. We need to try to manage that geopolitical dimension with the technical dimension. Although it is not my area of expertise, what you suggest—globalising some of these new standards—is eminently sensible.
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Lord Reid of Cardowan: Chairman, it might just be me, but could I respectfully ask our guest to increase the decibel level just a little for this end of the table? I would not want to miss anything.

The Chairman: We shall move on to the Gulf side of this. In everything you have said so far we are running two horses. Far from “not much liking” the Iran deal, in your words, the people in the Gulf, particularly at the southern end, hate and fear it and, in the case of Saudi Arabia, are directly and actively involved in a proxy war against Iran and its own surrogates. I will ask you to illuminate that. First, I will ask Lady Hilton to lead on the whole question of your Gulf strategy.

Q23 Baroness Hilton of Eggardon: I had a holiday in Iran this year. It prides itself very much on being the one stable country in the region, which is impressive. The defence and security review last year promised a Gulf strategy. Are you any closer to developing a Gulf strategy in that fluid situation?

Neil Crompton: I think we are. There have been a series of Gulf initiatives over the years. I cannot quite remember when the first one was.

The Chairman: In 2011.

Neil Crompton: Yes, 2011. The initiatives sought to manage our relationships with individual Gulf states in a more systematic way and to ensure a regular stream of high-level political visitors to each of them in a way that promoted our interests. So you are right that in the SDSR⁴ there was a government commitment to a Gulf strategy. I do not think there is a plan to publish it as such; it is essentially building on what we have done before.

There is a security component to that. When we talk about our relationships with the Gulf states, government to government, it is like a three-legged stool. At the top level are political contacts, with the Prime Minister, the Foreign Secretary, the Defence Secretary and others working with the rulers of the region. Then there are defence relationships, which are very deep and embedded. Then there are the other security relationships, including intelligence relationships, which are very important to them and indeed to us. We work on all those three in parallel.

There is a people-to-people dimension to the Gulf strategy as well. There are 150,000 Britons living in Dubai and enormous flows of people both ways. We find that when the government-to-government relationship works better, the soft-power, people-to-people relationships work better. So it is about trying to make a more systematic investment in both aspects of those relationships in ways that are mutually beneficial to the people of the region.

We have an agreed strategy. The Foreign Secretary plans to visit the Gulf later this year. We are hoping that the Prime Minister will visit at some point, which will be a bit of a launching pad for what you have termed the Gulf strategy. For us, it is a continuation of what we have been doing but with a heightened and improved level of investment and cross-Whitehall co-ordination.

The Chairman: On my analogy of riding two horses, in the southern Gulf, of course, we want to keep in with our UAE friends and Qatari friends and so on. They are still vital in the world of energy, although that could be changing. But they are deeply hostile to and very fearful of Iran—they have been for a long

⁴ The Strategic Defence and Security Review
time and are getting more so. Yet here we are pursuing a nuclear deal with Iran. This is real divergence, is it not? How are we bridging the gap?

**Neil Crompton:** There is a tension there, and the way we bridge the tension is partly by being transparent. At every stage of what was a decade-long nuclear negotiation with the Iranians, we have kept our partners in the region informed. In the case of the Israelis, there has been a period of unprecedented transparency in our relationship with them.

Secondly, there is a reassurance part of what we are trying to do with the Gulf states. They are worried that in a sense we are shifting horses rather than trying to ride two horses. That is not the case. We have fundamental, deep-rooted interests on the Arab side of the Gulf and we want to strengthen them. Strengthening defence and intelligence relationships is an important part of that.

Reassurance also comes from helping them deal with those aspects of Iranian foreign policy that we find objectionable: in particular, Iran’s support for militias and proxies. We and the Gulf states are very closely aligned on policy in Syria, where we are on the opposite side of the argument to the Iranians. In the case of Yemen, the conflict in Yemen has many dimensions, but there is an Iranian dimension. We continue to give a lot of political, diplomatic and military support to the coalition in the Gulf to try to resolve the conflict there in a way that will satisfy their security concerns. We want to get over to them that we see an opportunity in the case of Iran. In the long term, that will be an opportunity for them, because it will reduce a major fault line across the region. In the short term, the task is to reassure them that we are not hedging and riding two horses; we are trying to advance everyone’s interests.

**The Chairman:** In Bahrain, which is very anti-Iran, we are building a naval base.

**Neil Crompton:** That is part of the overall commitment to security in the region.

**Baroness Helic:** I have a quick question. As we give this political, diplomatic and military support to our Gulf allies, who I know are very important in the overall scheme of things in the region and beyond, how do we feel when we see people starving and hospitals being bombed, with no humanitarian access to camps where people do not have food? We have seen reports of this and we know that these are our allies. Do we ever advise them or help them or ask them to do things or suggest to them that they should open humanitarian corridors and let in the UNHCR or Médecins Sans Frontières or anyone else? How does that sit with our overall foreign policy?

**Neil Crompton:** Of course, in the case of Yemen we are deeply concerned about the humanitarian situation. We are a major donor there. We have been involved in a very intense dialogue through different channels with the Saudis and other members of the coalition since the intervention. For example, on the military front we have offered enormous levels of training to help them ensure that their processes are compatible, for example, with NATO. So aspects of international humanitarian law are probably factored into the targeting processes. There are also processes for investigating accidents that have happened. So there have been big improvements in those areas.

On the humanitarian situation, we have worked very closely with the Gulf states. They are major contributors of aid to Yemen through UN agencies. I recall, earlier this year, when Philip Hammond was still Foreign Secretary, long
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conversations about, for example, how the coalition could continue to operate a blockade to stop the flow of weapons while allowing in humanitarian assistance. That is a continuous dialogue. We are all conscious of the public concern about this. Ministers share that with you. It is a very challenging situation.

We are also conscious that the cause of the conflict was the overthrow of a legitimate Government in Sanaa. The Houthis and their Ali Abdullah Saleh allies are engaged in very provocative acts. There are cross-border raids every day. Earlier this week, the Houthis fired Scud missiles towards Jeddah international airport. There have been three Houthi attacks on international shipping in the Red Sea in the past few weeks. So this is a hot conflict that we are trying to resolve diplomatically. The Foreign Secretary has hosted three meetings of what we call the quadrilateral group of Foreign Ministers—with John Kerry, the Saudi Foreign Minister and the UAE Foreign Minister—in the past three months. He hosted one in his first week and we had a fourth meeting in Jeddah—so it is a very intensive burst of activity to try to reach a diplomatic settlement that will allow for a durable settlement in Yemen and allow alleviation of the humanitarian situation.

The Chairman: Is Iran involved in that diplomatic effort or is it standing behind the Houthis?

Neil Crompton: Iran has provided weapons and training to the Houthis.

The Chairman: Sorry, you said that you were trying to provide a diplomatic solution.

Neil Crompton: We are trying to find a diplomatic solution. We have spoken to the Iranians, but they are not central to this.

The Chairman: The Saudis have said that they are not going to stand for it, whatever we do. They are furious.

Neil Crompton: We think that Iranian activity in Yemen has been part of the problem rather than part of the solution. But we have a dialogue with the Iranians; we talk to them in general terms about Yemen. But the Iranian provision of weaponry to the Houthis has not been helpful and has been seen as a threat by the Gulf states.

The Chairman: Can we move on to Daesh and Lord Jopling?

Q24 Baroness Hilton of Eggardon: I am sorry, but I have not had my second question, which relates very much to what you have been talking about—Saudi Arabia and Yemen. We have been criticised for selling arms to Saudi Arabia, which have been used in attacking people in Yemen, which is theoretically contrary to our arms policy. That is an anxiety. The other place with which we have traditionally had very good relationships is Turkey, but Turkey is increasingly drifting more towards Islamic State. In an age of modern communications, and so on, it may be less stable than it appears, in view of the current crackdown by Erdogan. Do you feel that both our traditional partners in that part of the world should be seen as stable, and should we continue to have our commercial interests with them both?

Neil Crompton: I am not responsible for Turkey, but I hope that I can give an intelligent answer to your question.

Baroness Hilton of Eggardon: It is very much part of the region.
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**Neil Crompton:** Quite. Turkey and Saudi Arabia are the minor tectonic plates of the region and, historically, they have been important UK partners in the region. Saudi Arabia, and indeed the Gulf states, partly as a consequence of new leaderships coming through, want to play a more ambitious role in the region. We have been encouraging them for years to take more responsibility for resolving security problems in their own back yard, which is what they say they are trying to do in Yemen. We have supported the intervention, which was blessed by a UN Security Council resolution. We are all very conscious of the public concern about arms sales to Saudi Arabia, but that is scrutinised very closely. I have a team which works almost 24/7 in analysing incidents of concern and reporting to Ministers, who scrutinise them through a formal review process. We can give you chapter and verse on this one. That is to ensure that we are meeting our obligations. So far, Ministers have concluded that we are in compliance. But that forms part of our dialogue at the top political level with Saudi Arabia.

With Turkey, I am not well placed to comment on its long-term direction of travel, but as the regional director for the Middle East I find myself talking to the Turks much more than I did 10 or 15 years ago, because they have become much more active in many different theatres—particularly since the Arab spring, when Erdogan thought that his AKP model would be a good fit for countries in the region. That has produced some tensions. But on Iraq and the fight against Daesh and on Syria they are absolutely critical partners to us. We are pleased that Turkey has made efforts to improve relations with Israel, which was historically an important source of stability in the region. Although occasionally we have differences with the Turks over many things, on issues such as migration, Syria, Iraq and Daesh we find them crucial partners. I am not quite sure how we would get work done without them.

**The Chairman:** They used to be considered to be firmly in the western camp, and that was it—part of NATO, and no argument. But presumably you are getting rather a different tone in the dialogue that you have with them.

**Neil Crompton:** They are still NATO allies and key western partners. I am not responsible for Turkey, so I would hesitate to say anything on the record. But Turkey is evolving.

**Baroness Hilton of Eggarson:** But Kurdish ambitions in the area are surely part of your concerns—and that is profoundly affecting how Turkey is behaving.

**Neil Crompton:** In similar terms, all the regional powers, or at least the ones with Iraq, have a Kurdish dimension. Turkey, Iran and Baghdad all worry about Kurdish ambitions. What is striking for me is the extent to which under President Erdogan Turkish-Iraqi-Kurdish relations have improved significantly over the past five or 10 years. That predated the Daesh problem. Masoud Barzani is a regular and well-received visitor in Ankara in a way that would have been inconceivable 15 years ago. There is a strong international view that the Kurds should enjoy good autonomous governing arrangements within existing borders, and Turkey, Iran and other players are comfortable with that.

**Tom Pravda:** We may come on to Iraq and Daesh—but when we look at Turkish relations with the Kurds, what is striking is Turkey’s relationship with the Iraqi Kurds. It hints at the complexity of the Kurdish issue. It is easy to see the ambition for a grand, independent Kurdish state straddling borders, but of course when you get into Kurdish politics you see great divisions among different
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Kurdish groups. Turkey’s relationship with the Barzanis and the Iraqi Kurds is an illustration of how you can get what look like great enemies working very constructively together.

The Chairman: There is much more to discuss on all these matters, but let us move to Lord Jopling’s question on Iraq and Daesh.

Q25 Lord Jopling: It is probably appropriate to ask this question on a day when Iraqi and Kurdish troops have entered Mosul, which looks like a battle that will take quite a long time. Have we learned any lessons from the past? What preparations have we made to deal with a post-military phase, assuming that we get there, in reconstructing the city of Mosul and the areas surrounding it that are not under the control of the Iraqi Government? Have we learned the lessons of the past, or are we stumbling into a new chaos after the military phase? You will remember that Chilcot was devastating in its criticisms of the Americans and the British, who failed to raise this in the days before the second Iraq war. I do not want to sound too smug, but I disassociated myself on the record from the Government of the day and my own Front Bench in opposing that war because of the lack of preparation and thought given to the post-military phase. The whole thing was a disgrace, quite frankly. Has anything serious been done to prepare for the post-military phase in this part of Iraq, or are we going to trudge on into increasing chaos?

Neil Crompton: I hope that I can reassure you that a lot of lessons have been learned. Some of us were involved with Iraq in 2003, and we have scars on our back to go with it. A lot of the lessons that Chilcot advocates had been learned within government already. There have been structural changes to government, with the creation of the National Security Council. In the Foreign Office, working with DfID, we have a stabilisation unit, with a group of people who think deeply about day-after stabilisation issues in conflict situations. The need for proper planning is ingrained in all our individual psyches.

In the case of Mosul, we are in a different context from 2003, in that then we were the invaders and the occupying power. This time we are working in support of an Iraqi operation, as part of a coalition. That comes with particular complications. What I can say is that an enormous amount of thought has gone into Mosul, by which I mean it has gone into stabilisation generally. Tom is really the expert and can give you some detail, but there are three or four different strands to that. One is to ensure that Iraqis have thought about the politics for the day after Mosul is recaptured. Daesh emerged in a situation of sectarian politics in Iraq that had alienated the Sunni community. From the outset of the coalition intervention in Iraq, we have stressed that the Iraqis need a politically led solution to dealing with Daesh. There is a military component as well, but in the end they will need to resolve the underlying political problem. We have made some progress on that but there is a lot more to be done.

At the level of Mosul, that involves pushing the Iraqis very hard to try to ensure that there is a governance arrangement in Iraq the day after which will enjoy the legitimacy of the residents of Mosul, as well as satisfying the different ethnic communities of Iraq that we are not trying to redraw borders. There is a humanitarian dimension to that, and the UN has the lead on the humanitarian operation. DfID is the natural lead in Whitehall. There has been a huge logistical operation to ensure that we can deal with displaced people as and when they leave Mosul in large numbers. There is also recognition, particularly with the oil
price having fallen by 50%, that Iraq will need financial help, so earlier this year the G7 identified £3.6 billion of funds to help with reconstruction costs in Iraq as and when Mosul falls.

**Tom Pravda:** Just to complement what Neil said, you can see that the whole counter-Daesh campaign and this phase of it are Iraqi-led. That does not just mean the troops on the ground; it is in terms of all these questions around planning for the day after, the stabilisation effort and the politics, as Neil focused on. If it is useful, we can dwell on the extent to which that is the lesson learned by us and the Americans about how to get that long-term stability—the requirement for that local leadership and ownership of it.

To complement Neil’s point, there are phases to this. The question of what is going to happen the day after Mosul has fallen has been absolutely top of the UK’s agenda, going well back into last year and certainly all this year, during which there has been intensive planning around the operation. Of course we are deeply involved in the mechanics of the planning of the military operation, but again the top question has been, “Right, what is going to happen the day after?” What we have put in place to try to address the concerns that you have raised here, and which we are well aware that others have raised, include the things that are done during the operation. We have all understood, and the Iraqis absolutely understand, that the way this operation is carried out will be critical to what happens the day after. The question of which forces are going to be involved in the operation and who will enter the city of Mosul—Iraqi security forces rather than a Shia militia or Kurdish forces—is fully recognised by the Iraqis as critical to the effect that it will have on community relations and the chances for stability being restored soon after. Along with the question of how it is carried out with personnel, there is the actual conduct of the battle. The extent to which the city of Mosul is damaged—its housing and infrastructure—is going to create a huge question of reconstruction costs as well as, again, community relations and the effect that it has on the politics if that city is devastated and livelihoods are destroyed. There is strong recognition by the Iraqis that that will have huge implications. Getting the conduct of the operation right is a huge focus for them, and for us and coalition partners in working with them to support that.

Then there is the humanitarian effort, which Neil has touched on, which again is happening now. The UN is leading that. We announced another £40 million, meaning we are giving a total of £170 million to the humanitarian effort in Iraq. The support we provide to civilians as they come out of Mosul and the Nineveh plain is in place right now, and again is understood to be critical to how those people are going to be able to go back home and rebuild their lives.

Then there is what I would characterise as the short-term to medium-term planning, which is focused on stabilisation, as Neil touched on. We are contributing more than £15 million to the large pool of funding that the UN is overseeing with the Iraqis. Our money is focused particularly on clearing explosive devices from the city of Mosul, rebuilding water and power infrastructure, health facilities and schools. That is mirrored across the whole stabilisation effort. So money is being put in there, including by the UK, and plans are in place to ensure that Mosul can be brought back up to a liveable state as quickly as possible to allow people to return—again, importantly, because that will underpin the prospects for stability and community relations in the city afterwards.
Then there is the longer-term question, which Neil touched on, of ensuring that Iraq has the resources at a macro level to underpin reconstruction in Mosul and other parts of Iraq as well as to give the government the sort of financial stability they need to build towards what we know as the toughest part of all this: what is often termed the political reconciliation, the future vision for Iraq. We know that there are these big questions around national reconciliation. Some of that is between Arab Iraq and Kurdish Iraq. The other piece of course is between the Sunni and Shia sections of the population, which remains to some extent a massive work in progress since 2003. Political focus has gone into the Mosul planning around ensuring that people have political understanding of who is going to be in charge the day after, and where. We have also put in a conscious effort with the Americans and the Iraqis themselves to try to use that as a bridge into these longer-term national reconciliation questions. One of the first questions that will come up will be the borders between Arab Iraq and Kurdistan. We know that there are forces now on the ground moving into the disputed territories. There is certainly no complacency about the risks there; it is at the top of the agenda for the Iraqis, encouraged and supported by us and by the US.

The Chairman: That sounds very constructive.

Lord Jopling: Is everything possible being done to inform the citizens who remain in Mosul and who are not connected to Daesh that there are optimistic prospects ahead? If the people realise that, are they not likely to make life as difficult as they can for the Daesh people who are trying to hold the city?

Tom Pravda: Yes, absolutely. This is in the category that we have had with the Iraqis of how the operation is carried out, and a critical part of that is the communications going on now. We have been working with the Iraqis to build that in place throughout this calendar year. We as the UK have played quite a big role in the communications effort; we have provided expert support to the Government of Iraq on this, as well as hosting on behalf of the Coalition what is called the Coalition Communications Cell, providing wider communications around the counter-Daesh campaign. Specifically on Mosul, the key messages from the Iraqi Government—again, it really has been the Government in Baghdad who have been leading these messages, and Abadi has been very involved personally—have been: “We are coming with a future vision for Mosul that is part of a more stable and inclusive Iraq, and a force is on the ground to liberate the city from Daesh”. We are conscious that Daesh is running an intensive counter-propaganda effort; it is distributing material all the time around Mosul saying, “The Shia, the Iranians and the Kurds are coming to get you”. We are conscious that this is a very contested space but, through the Government of Iraq and by providing support to them, we are contesting that quite intensively, including down to logistical and practical suggestions around encouraging people to stay in the city or, if they are going to move out, where they can go to, working out where humanitarian support is going to be provided in terms of locations.

The Iraqis have been very conscious, and we have tried to help them to focus on this, to publicise what happened in Anbar, Tikrit and elsewhere in Iraq when Daesh was driven out. You can communicate all you like and be contested on how credible this is. The most credible thing the Iraqis can do, and they have been doing it, is to point the people in Mosul to what has happened in Tikrit, for example, where after Daesh was driven out about 90% of the population returned. Actually, life has returned in many ways to quite a good degree in
terms of both prosperity and community stability. I would point again at the stabilisation and reconstruction process going on in Anbar. We have helped them to try to test this. That is hard—we do not have focus groups in Mosul at this point—but we have good indications that some of these messages of the communications strategy that the Iraqi Government are running are landing with the people in Mosul. It will be contested, as you said, with Daesh running strongly in the other direction.

**Lord Hannay of Chiswick:** Can you explain why, whenever it is raised in Parliament that prime facie the evidence is that Daesh’s activities in Iraq and Syria have been war crimes and, in the treatment of Yazidis and Christians, have amounted to genocide, the Foreign Office response is invariably that “That will be a matter for the court to decide”—which of course is a bit of a bad joke since neither of those countries accepts the jurisdiction of the International Criminal Court? Why are you not able to say that prima facie—I am not asking for a judgment—these crimes have been committed? When the Foreign Secretary then pops up and says that bombing Aleppo was a war crime, on which I totally agree with him, it seems to be a bit inconsistent to denounce a war crime in Aleppo in Syria but to refuse to say anything about a war crime that has been going on all the time for the past two years in eastern Syria and Iraq.

**Neil Crompton:** On the question about Daesh crimes, as you know, the Government’s position is, as you put it—and it is a long-standing one—that a determination of whether any particular crime has taken place, whether genocide or a war crime, is a matter for the appropriate legal authorities, not a political judgment to make. However, and I may get the exact phrasing wrong, earlier this year in the House David Cameron expressed the Government’s view of what has been happening, which is along the lines that—excuse the exact language—there is a very strong case here to answer for Daesh’s behaviour, specifically against Yazidis, Christians and other minority groups on the question of genocide.

**Lord Hannay of Chiswick:** Why can you not say that in our view there is a prima facie case to answer? I am not contesting the view that a determination will be made in the court, but why can we not say that? If the Foreign Secretary can say that prima facie a war crime is being committed in Aleppo, why can we not say that about the Yazidis and the behaviour in eastern Syria and Iraq?

**Neil Crompton:** I think we will have to take that away, Lord Hannay. All these questions are involved with layers of theology that I confess I do not properly understand.

**Lord Hannay of Chiswick:** Perhaps if the question is asked in the House, you will get a better answer.

**The Chairman:** I think we will leave that.

**Baroness Smith of Newnham:** I believe there is a Question on this issue from Lord Alton on 22 November.

**The Chairman:** Obviously this is a very unresolved area and one that is difficult to clarify. I ask Lord Reid to take us to the area of who should we be allowing, and who is fighting whom.

Q26 **Lord Reid of Cardowan:** I will comment on the last point. The case for the defence might be that Daesh is not a state and therefore not subject to stringent regulations that apply to states. That could be the Foreign
Secretary’s explanation. There is an obvious contradiction, as Lord Hannay said, between the preparedness to accuse Russia, Assad and the Syrian state of war crimes and the reluctance even to use that language about Daesh.

I want to talk about the level beneath the state. We have already touched upon non-state and sub-state actors. I want to deal not with non-state or transnational actors such as Daesh but with the increasing importance of the development of units that are geographical, sometimes ethnic and sometimes historical, within a given state in terms of political power. I am not suggesting that this is applicable only to the Middle East; we have seen this in the Walloon Parliament in Belgium recently, and indeed in the relationship of our own Parliament here with the Scottish Parliament and the Welsh Assembly. It immensely complicates matters, does it not? I do not just mean the Kurdistan Regional Government: in Lebanon we have the emergence of actors there; in Libya there are two Governments; in Syria we are seeing the potential development of sub-state actors, depending on how that conflict plays out; and indeed Iraq itself, if I recall correctly, was formed by merging together with lines on a map the Ottoman Governments of Kirkuk, Basra and Baghdad, and to some extent we are seeing them develop again. It must be getting very complicated, not only to have to phone more capitals but to have to maintain a relationship with those sub-state actors that are powerful instruments of change in the area. I wonder whether the UK is sufficiently calibrating its engagement accordingly. If so, has it fostered adequate links with sub-state actors, and how critical do you think they are to achieving the security and stability objectives in the region?

Neil Crompton: That is a fascinating question. I agree with the way that you characterise the challenge. It has become much more complicated since the Arab spring because in many different contexts we cannot simply have a conversation with a capital any more. I am speaking for the FCO but this will also apply to other bits of the Government, whether our intelligence colleagues or our defence colleagues: as a general rule diplomats think we should talk to as many people as possible within the day. In Iraq we have always tried to maintain a close relationship with central government but we have also tried to talk to the different communities and leaders of different political parties and to maintain relationships with regional governors, either because they are important national figures in their own right or because they are doing important things that can contribute to our longer-term interests in Iraq.

It has become much more complicated in recent years. In Syria, for example, we are trying to maintain a close political dialogue with the Syrian opposition. There are myriad different groups. They have political offices in Istanbul, which are relatively easy to access. We believe that those figures in Istanbul are representative, but they in turn have to manage relationships with armed groups on the ground that for obvious reasons are much harder for us to access. In post-conflict situations such as in Libya, we are having to deal with a range of different actors as we make efforts to form a cohesive central Government. That involves talking to different faction leaders and sometimes different militia leaders and the like. This is inherently complex and poses immense challenges to us. It puts a premium on language skills. It is no longer enough for one person in an embassy to speak the language well; now most people have to speak it well. Very often there are security constraints on doing this and the provision of
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security for anyone, particularly the civilians, is enormously expensive and time-consuming. That poses a natural constraint on the extent to which we can get out there, but we work very hard at that and try to get around as much as we can.

The way you characterise it, Lord Reid, is right; we have a much more complicated world. I think we are doing quite well at this but there is room for improvement. We will be very interested in your conclusions.

Lord Reid of Cardowan: May I ask a quick follow-up question? Very bluntly—and I do not blame you for this—you are saying, and we all understand this, that the number of state actors that we now have to deal with, the number of sub-state actors that you will have to deal with and the number of non-state actors that you may or may not be able to enter dialogue with have all increased, yet over the past period the Foreign Office budget has been slashed, and I suspect there will be another raid on Foreign Office resources by the three musketeers who are in charge of Brexit. So at a time of exponentially increasing demands on your human and financial resources, the resources to tackle this are being decreased. Does this worry you, or would you rather hold your counsel in view of your career prospects?

Neil Crompton: I think you have answered your own question very well.

The Chairman: This really is a big issue that we are going to come back to again and again, and Lord Reid was right to identify it. Can we ask Mr Abbott to comment on the immediate problem of dealing with all these disparate groups?

Nicholas Abbott: The way in which the FCO has moved into doing programmes and programme management in the region, and the amount of money that we have available that we did not before, means that we have more contact with these groups. When we are looking at the programmes that people are doing, it is not just about them having Government-to-Government memorandums on capacity-building; it is also about looking at how they are understanding the real issues, the dynamics of the conflicts and how much our programmes are addressing those. The one that comes to mind is Tunisia, the one country that came out of the Arab spring that remains a democracy and is seen as a beacon. How do we protect that? What are the issues in Tunisia? It is not just about security sector reform with the Ministry of Interior; it is also about looking at those areas of the country that do not see development and are losing out in the social contract. What can we do, often with others, to reinforce and change that? In some ways the economic picture has become more difficult, but at the same time we have new tools that allow us to do things differently that we would not have done 10 or 15 years ago.

The Chairman: This takes us on to Lord Inglewood’s question about what we are after and what different kinds of power are used to achieve our aims, whatever they may be.

Q27 Lord Inglewood: You talked at the beginning of the meeting about a networked world. I am interested to know what sort of tools, for what in the context is now known by everyone as soft power, the Government are using and finding efficient in promoting their vision and values, and thereby winning hearts and minds among the people of the Middle East. In parenthesis, one of my daughters is at university in Istanbul. Within hours of the failed coup, she received a personal email from President Erdogan encouraging her to go out on to the streets to demonstrate. Clearly there
is a mechanism to take things directly to people.

**Neil Crompton:** I see we have some way to go. I will start by looking at what the UK’s comparative advantages are. In the Middle East, we have enormous soft-power advantages. Our history of involvement there is a bit of a double-edged sword; this year is a year of anniversaries—there is Sykes-Picot, and today is the 99th anniversary of the Balfour Declaration. I often have conversations with people who assume that I can talk with great familiarity about the triangle situation in northern Morocco. I wish I could. There is a great belief that we understand the region better than others. At a political level, that is great.

At the people-to-people level, I will run off a list of the advantages. People are very familiar with the UK. London is an enormously attractive destination for people from the region, whether just for tourism—as you will see if you go to Edgware Road on August nights—to see the Shard and the Emirates Stadium, or as a hugely attractive investment destination, with extraordinary sums of our money in London for the last 50 years. There is the English language itself, and the British education system—from the Gulf alone there are 20,000 students in the UK, with 16,000 more at British-affiliated universities in the region. There is the BBC and the British Council. I think we have realised over the last year that the diversity of our society is enormously attractive. There was a golden period earlier this year in the spring, just after Sadiq Khan was elected Mayor of London and Leicester City was about to win the Premiership with Mr Mahrez, an Algerian striker, when we were front-page news across the Arab world: “Look at the way UK society is so diverse that people can flourish in this way”. We find that even in parts of the region like North Africa, which traditionally we have regarded as a French area of influence, there is a desire for a bit more of an Anglo-Saxon model. They look at the UK and the United States and think, “Things work there”, and there is a desire to get closer to us. So we start with a set of strengths, and in our diplomacy we are trying to bolt modern tools on to this. A core function of our ambassadors’ role now is to communicate through social media with the local population, where perhaps 30 years ago they would have seen their sole job as communicating with the Director Middle East in the office. We are thinking creatively about how we can harness these different soft-power tools to maximise our influence, but we start from quite a high base. I am not sure we are yet where President Erdogan is, though.

**Lord Inglewood:** I do not necessarily want us to get everywhere. Do you think it is working? You can communicate as much as you like but you have to get the message across.

**Neil Crompton:** It depends. What do you think we are trying to sell?

**Lord Inglewood:** Our values. Our perspectives.

**The Chairman:** That is the question we want to ask you.

**Neil Crompton:** It works in the sense that Britain is seen as a country that is heavily engaged in the region and wants to make it better, and that the UK is a part of the world that people want to visit.

**Lord Inglewood:** Are we perceived as wanting to make it better for them as well as for us?
Mr Nicholas Abbott, Head, Middle East and North Africa, Central Operations Department, Foreign and Commonwealth Office (QQ20-29)

Neil Crompton: That is a good question. I believe that in large parts the answer is yes but that comes with a degree of suspicion about motives, which is not a problem that is unique to the Middle East but is generic across the board.

The Chairman: What about arms suppliers? Does that fit in with our soft-power aims?

Neil Crompton: I half-answered your question before: I think they complement it. With most of these states, the Government-to-Government relationship, which includes a defence relationship as well as an intelligence relationship, is very important to them. That is particularly true in the Gulf states where traditionally the UK, the United States and, to a lesser extent, France have been the guarantors of security, whether that be in the first Gulf War or, more recently, in terms of reassurance vis-à-vis Iran. When the Government-to-Government relationship is strong, particularly in countries where large percentages of their gross domestic product comes from oil revenues, the commercial relationship with countries and the people-to-people relationships tend to be stronger.

Q28 Baroness Coussins: You mentioned language skills in one of your earlier answers, and I think it is self-evident that language skills and the cultural understanding and sensitivity that goes with them are one of the most important soft-power tools. Yet there have been a number of different reports from parliamentary and non-parliamentary sources criticising the Foreign Office for being weak on language skills, particularly in relation to a response that was not as effective as we might have expected to the unfolding of the Arab spring. The same kind of criticism was made of Russian speakers and what happened in Ukraine. This is despite the Foreign Office language school being reopened in 2013 and higher expectations of embassy staff, as you mentioned earlier. You talked about the importance of having people on the ground in the Middle East to help with post-conflict reconstruction and reconciliation, countering Daesh propaganda and so on, as well as the core skills of embassy staff. So what is your assessment of how the Foreign Office and our staff in the Middle East will be able to improve those language skills and front-line experience, and the cultural sensitivity that goes with them, in order to fulfil our policy expectations of them? As a student of Arabic myself, I know that one size does not fit all; you cannot just have Arabic, you have to have the right sort of Arabic. We are talking about different dialects and of course other important languages in the region, such as Farsi. Does the Foreign Office have the capacity to teach people and give them the experience on the ground of the right dialects—as the Defence Academy does, for example?

Neil Crompton: Sure. I welcome the question, and I recognise the challenge that you put down. I am sure the Committee has looked at this in a generic sense. Within the Civil Service and the Foreign Office there have been changes in fashion. When Lord Hannay was in the office, I suspect that the general level of language skill around the Foreign Office was higher. There was a period when other competences were stressed, and that came at the expense of language skills. I think the office recognised that some years ago, and William Hague played a very important part in stressing the rebuilding of expertise. We reopened the language centre, and my sense as the director overseeing a network is that we are doing better at this than we were five or 10 years ago.

I shall give you two or three examples. We have become much more rigorous now. If we advertise a job to be an ambassador in the Middle East, very often it
Mr Nicholas Abbott, Head, Middle East and North Africa, Central Operations Department, Foreign and Commonwealth Office (QQ20-29)

is advertised two and a half years in advance so that if a non-Arabist wants to apply and gets the job they have 18 months to go away and study Arabic. We have examples of people coming in and studying Arabic later in their careers than perhaps they used to; they tended to do that as a second job in the Foreign Office and then stick with it during their career. We are doing this at all grades. When I go around the network I see some good examples of young officers who are very good Arabic, Persian or Hebrew speakers—indeed, good Kurdish speakers. It is a constant challenge. We have to keep it up and work hard to ensure that there is a career structure within which people can move. One of our challenges is that the Middle East is less safe than it was. Some 10 or 15 years ago a young single man or woman might do a conflict posting in Iraq, where they worked for six weeks in the posting and then took two weeks off. They were very happy to do that, but then if they marry and have children they do not necessarily want to be in that environment. The number of places where families can go safely has been much reduced.

The office as a whole is very conscious of the need to incentivise regional expertise within its promotion structures. You need to talk to the Permanent Under-Secretary, about this; he has overseen a big review of the way we do this. They call it Diplomacy 2020, and an emphasis on expertise is a big part of that. As the Director Middle East, I can say that our Permanent Under-Secretary is an excellent Arabist who has served twice in Riyadh and in Tel Aviv as well. We have made a lot of progress—but it is work in progress. We are trying to complement that. We in the Middle East Directorate run what we call a Middle East cadre with two or three different strands, one of which is ensuring that language students keep their languages up and have opportunities in the career structure to move around. We identify slots and help people to manage their careers so that they can go from, say, Baghdad to Washington to a Middle East job there, then perhaps go as a deputy head of mission to a north Africa post and then come back and head a department in London. We are also looking at ways in which we can develop the expertise of non-Middle East specialists when they come in. We are currently tendering with a couple of London universities to run a five-day comparative studies course on an introduction to the Middle East so that any desk officer can go and spend five days on a crash course—I am not sure yet which university it will be—on the history of the Middle East. There are a number of different initiatives in play, coupled with a broader policy of education that was institutionalised during William Hague’s time in order to professionalise the Diplomatic Service again.

Baroness Coussins: Are you happy that the Foreign Office language services that you have described are open and actively seeking people from DfID and other relevant departments who you mentioned earlier you were working collaboratively with on the ground in the Middle East?

Nicholas Abbott: Yes, they are. Within our MENA cadre, we have invited those from other Whitehall departments who have an interest in or indeed experience of Arabic and health education to continue. They are involved in the classes that we run every week.

The Chairman: We have arrived at the question without which at the moment no discussion is complete. It is going to come from Baroness Smith.

Q29 Baroness Smith of Newnham: I get the pleasure of asking the question that has been touched on in passing already: the impact of the UK’s vote to leave the European Union. You talked earlier about the E3. Obviously the
demarche in Tehran over nuclear was very much a trilateral basis—not directly because we were members of the EU, but nevertheless the key figures were all part of the EU. Do you envisage that there will be any significant changes in the UK’s activities in the Middle East because of leaving the European Union, or do you see ways in which we might be able to continue relations with our European partners in such a way that we can play an influential role? To pick up on some of the points that you did not pick up earlier—you were sufficiently diplomatic not to answer Lord Reid’s question—you have also talked about incentivising people to be Arabists and so on. Is there a potential that if we need to increase the roles of our bilateral embassies in Western Europe in future, there will be a pull away from the Middle East for career diplomats?

Neil Crompton: My patch is arguably less affected by Brexit than others. The Gulf states, for example, are not particularly interested in the EU. They tried for a very long time to negotiate a free-trade agreement with the EU but failed. Their principal interest is in whether people can help them with their security, so although they look at Europe that really means the UK, France and Washington. They have invested hundreds of billions of dollars in London over the years because London is a good place for investment; it is not because they want to build car plants to export to the European market. They will make their own judgment and it will be based on the prospects for the EU. They are interested in the phenomenon and I think all the Gulf Foreign Ministers have said they want to sign a free-trade agreement with the UK as soon as we are allowed to pursue that. There will be some challenges, obviously. In the Arab-Israeli conflict, for example, much of our role has been played through the quartet; we have been represented in the past by the EU and, at one remove, by Tony Blair. We do not yet know quite how that will work.

In the case of North Africa, where we are making a greater investment, we are very conscious—our North Africa Good Governance Fund found this—that it is modest compared with the amount of money that the EU spends across North Africa, so our ability to leverage that could be less than before. We have other levers, though: our relationships with the Gulf states and with the major foreign investors across north Africa through the G7. We still have our role on the Security Council and the other instruments of British influence that you will all be familiar with. For me, it probably feels like less of an impact than for some of my colleagues around the office. The Government see the Middle East as an area where the UK has comparative advantages and has punched above its weight, and they would like to continue that. Personally I do not see any reason why we should not; we call it the E3+3 but the Americans have always called it the P5+1. It is a rhetorical shift. My French colleague is quite clear with me that he sees that the most important and detailed dialogue at national level is with us. The French have important institutional relationships with Brussels and an important bilateral relationship with Germany, but many of those relationships will survive whatever arrangement we come up with for Brexit.

On whether I am worried that resources will go to Western Europe, I come back to Lord Reid’s question about resourcing. We are in an era where people want us to do more and more and we have to prioritise, but that specific question is above my pay grade.

Lord Hannay of Chiswick: To turn the Brexit question the other way around, you do not see any great opportunity in our leaving the EU that is going to
Mr Nicholas Abbott, Head, Middle East and North Africa, Central Operations Department, Foreign and Commonwealth Office (QQ20-29)

transform our relationship with countries in the Middle East, as is sometimes suggested will be the effect worldwide?

Neil Crompton: There are opportunities. In a sense, we spend an awful lot of time negotiating EU positions that we do not always agree with. That consumes an enormous amount of time, as you would know better than I do, so not having meetings in Brussels will free up time. On some issues we may find it slightly liberating. There will be economic opportunities for us to pursue a free-trade agreement with the Gulf states and Israel as and when we are allowed to do so.

Lord Hannay of Chiswick: But do they actually apply tariffs to us now? Are most of our exports subject to tariffs in the Gulf states?

Neil Crompton: Some. I would have to go away and find out; there is a piece of research going on that is looking at this in detail, and we could come back and report on it. However, there is the symbolic effect of a free-trade agreement.

Lord Hannay of Chiswick: They do not export anything.

Neil Crompton: Lots of oil.

Lord Hannay of Chiswick: But that is zero-rated.

Neil Crompton: I would like to see the research, because I am not quite sure what it says about investment and the like. Still, I think there will be lots of opportunities for us there. As I said, you may get a different answer from some of my other regional colleagues.

The Chairman: To be clear on Baroness Smith’s question, we do not need to be in the EU to be in the quartet?

Neil Crompton: We are not in the quartet. That would be a challenge for us.

The Chairman: We are in the quartet as part of the EU, are we not?

Neil Crompton: Yes.

The Chairman: So can we carry on if we are not part of the EU?

Neil Crompton: We would not, without some special arrangement.

The Chairman: That would make it a quintet.

Neil Crompton: People often want us in the room because we add value.

Lord Reid of Cardowan: The quartet+1.

The Chairman: We have gone on much too long and, frankly, could spend hours more. All three of you are dealing with areas of unparalleled complexity that are changing incredibly fast to boot. We have learned a lot from your answers and are extremely grateful. Of course we have lots more questions for you, your colleagues and others in the coming months, but in the meantime thank you very much for your patience, wisdom and shared thoughts.
Dr Ahmed Al Hamli, President, TRENDS Research & Advisory. (QQ 72-100)

Wednesday 14 December 2016

10.00 am

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

Evidence Session No. 8 Heard in Public Questions 72 – 100

Witnesses

I: Dr Ahmed Al Hamli, President, TRENDS Research & Advisory.

II: Mr Adrian Chadwick, Regional Director, Middle East and North Africa, British Council; Mr Oliver McTernan, Director, Forward Thinking; Mr Tarik Kafala, Controller, Language Services, BBC World Service; Mr Sam Farah, Head of Arabic Service, BBC World Service.

III: Rt Hon Jack Straw, former Foreign Secretary (2001-06), former shadow Deputy Prime Minister (2010), former MP (1979-2015).

Q72 The Chairman: Dr Al Hamli, good morning. Thank you very much for being with us. I am required formally to remind you that this is a public session that is on the record. A transcript will follow. If we have made mistakes or the transcript does not conform to what you thought you said and you want to change it that will be a possibility. Secondly, I should explain that our inquiry is aimed not so much at individual connections between the UK and particular major countries in the area from which you come, but at the general transformation of power, the redistribution of influence and power in the region, and what the implications are for the wider world and for ourselves in this country. That is our perspective.

Given that, may I begin with the key question about the Gulf States generally, of which the UAE is obviously one of the major ones? How would you say the Emiratis are placing themselves in this region of turmoil and internecine ethnic and religious conflict? What are your hopes for the aims in the future from the Emiratis’ point of view? Give us your wisdom.

Dr Ahmed Al Hamli: I thank you for inviting me to take part in this important proceeding. The transformation of power is very important to the region and to the wider world. I emphasise that I appear as President of TRENDS Research & Advisory, an independent think tank based in Abu Dhabi. It covers a wide range of security issues facing the region and the wider world. My opinion does not represent any of the official Governments. I do not speak for or on behalf of any
of the GCC\(^5\) countries or Governments. My view is based on TRENDS’ work and research.

If I understand the point of your question, it is about how the UAE sees the challenges the region faces. My understanding, according to research done by TRENDS, is that the UAE and the GCC are facing a significant challenge posed by Iran. The Iran challenge has multiple dimensions. I begin with nuclear activities and the nuclear deal. The deal was set by the P5+1\(^6\) to control Iran’s behaviour and activities to obtain a nuclear weapon. Unfortunately, there are reports that there are numerous violations on the terms and conditions of the agreement, but there is not sufficient condemnation or emphasis on enforcement.

The nuclear deal has its weaknesses. The region sees the deal as postponing Iran’s activities for the next 10 years. It is not preventive. The nuclear deal does not include inspection of military facilities. The region feels that Iran is still moving forward to obtain a nuclear weapon in secret through its military facilities. It is important to include tougher conditions and a mechanism that could enforce and hold Iran responsible for any breaches of the nuclear deal.

**The Chairman:** May I stop you there for a moment, Dr Al Hamli? The answer to the question is that you think the main concern is Iran.

**Dr Ahmed Al Hamli:** Yes, it is Iran’s behaviour.

**The Chairman:** Because obviously we want to come to our relations with Iran and the deal in detail, but as far as you are concerned the enemy is Iran.

**Dr Ahmed Al Hamli:** Yes, it is Iran and the politicisation of religion. Iran has been politicising religion and this is embodied in its constitution, which is a political ideology that derives from what they call the Athnā’ashariyyah sect. This is a problem and Iran is spreading insecurity in the region through the politicisation of religion. Iran has been supporting militia in Syria. We know for a fact that the Qods Force is operating in Syria and that Hezbollah, which is funded and supported by Iran, is also acting in Syria and elsewhere. We have seen reports that there are strong connections between Iran and the Houthis in Yemen. The real transformation of power, as I understand it, is the shift of power from the legitimate state to illegitimate non-state actors. Militia and guerrilla war is spreading in the region. This is what Iran is trying to do. It is weakening the region to gain as much control as it can.

**Lord Hannay of Chiswick:** I want to try to understand what you are saying about Iran. Is your main problem the policies that it is pursuing in Yemen, Syria and, to some extent, in Iraq and Bahrain? Those are external interventions, which are indirect in many cases. That is one thing. Or, is it about the operation of the nuclear agreement? If I understood you rightly, you said that the nuclear agreement itself covered all civilian operations, but there was nothing to deal with any research they might be undertaking in their military establishments. That would, of course, be in breach of the non-proliferation treaty if they were doing it, on which there is not, in fact, any evidence. The latest IAEA\(^7\) report on civilian questions was completely okay. Could you tell us the balance between those two things? Do you think they are both equal, or is the nuclear one more important?

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\(^5\) Gulf Cooperation Council  
\(^6\) The five permanent members of the UN Security Council and Germany  
\(^7\) International Atomic Energy Authority
Dr Ahmed Al Hamli: Both, actually. Iran is trying to gain control of the region and it is doing it through non-state actors—the militias on the ground in different places in the region—and through obtaining a nuclear weapon. It is approaching its goal in different ways. This is where we find Iran, with the type of nuclear deal that it is getting, getting a green light to spread its control over the region.

Lord Grocott: In the broadest terms, given that the trend in the past two or three years has been towards trying to reach some sort of settlement with Iran, bringing Iran more closely into the international community again—or, on the other hand, further isolation of Iran internationally—would you like to see it more isolated by the policies of the West or indeed the region generally? Allied to that question, I note your comment in your paper that the people in the region welcome the chance for a new direction for American foreign policy following the Trump election. Could you give us a picture of the key aspects of American foreign policy that you would like to see changed?

Dr Ahmed Al Hamli: First, Iran has to understand that there are consequences of its behaviour in the region. The president-elect made it clear that he will take a strong stance against Iran’s behaviour in the region. He mentioned that he is not comfortable with the nuclear deal. The new Administration have taken a position on the politicisation of religion—of Islam—which is another important issue. The politicisation of religion has not come just from Iran. Other groups, such as the Muslim Brotherhood, are doing the same thing. Daesh and all the extremists are trying to establish what they call the Islamic state, according to their understanding—the Caliphate. Both are targeting the same objective. I think the new Administration are very clear on this, and we hope that they will have a clear foreign policy in the region towards Iran, fighting terrorism and the politicisation of religion.

The Chairman: We will come to the US line later on. What does the UK do in all this? Lord Jopling.

Lord Jopling: Let us start with the UK’s connection with all this. As you will know, Prime Minister May has promised stronger security relations with the Gulf countries. She has proposed that the UK and the Gulf Cooperation Council have a counterterrorism working group. Do you believe that the Gulf States, as well as the UAE, view these steps as welcome and sufficient? What sort of relationship do you think the UAE and the Gulf states are looking for with the United Kingdom?

Dr Ahmed Al Hamli: I think this working group is really important. The working group will facilitate more understanding about the perceptions of security in the region. There are differences in the perception of security. For example, the Muslim Brotherhood has been proscribed as a terrorist organisation in the UAE as well as in other GCC countries. There is a government report in the UK saying that there are concerns about the activities of the Muslim Brotherhood. Then we hear about the Home Office guidance that Egyptian members of the Muslim Brotherhood should obtain asylum as they are at risk of persecution. There is a report of the Foreign Affairs Committee of Parliament which is very positive about the Muslim Brotherhood.

We need to come together in this working group to understand how to fight terrorism through military and non-military means. The GCC has the concept of a non-violent Islamist who seeks the same objectives that the violent people are
seeking. As Theresa May put it clearly in her December speech to the GCC, we are committed to fighting violent and non-violent extremism. We are also looking to tackle the ideology that drives these people to go to fight on the battlefield. The working group will be facilitating this discussion and will come up with a common understanding of the threat that the region is facing.

**Lord Jopling:** Do you think the UK should have a deeper relationship than the one that the Prime Minister has suggested and, if so, in what way?

**Dr Ahmed Al Hamli:** There are historical connections between the GCC and the UK. It is very important for the UK to come again to the region and try to help and to counter the threat that the region is facing. The threat that the region is facing is also a threat to the world and to the UK itself. To come together and find ways to fight the Islamic extremists and the ideology behind them is very important. The UK role will be very much welcomed.

**Q75 Lord Reid of Cardowan:** On a rather delicate issue in terms of our relationship with the Saudis, the Emiratis and so on, what reaction, if any, has there been to the British Foreign Secretary’s comment that part of the problem is the Gulf states acting as, I think he said, puppeteers in some of these conflicts, which was widely perceived as referring to the Saudis and, by implication, the Emiratis? Has there been any reaction?

**Dr Ahmed Al Hamli:** Yes, it was a statement about proxy wars and the involvement of Saudi Arabia.

**Lord Reid of Cardowan:** Has there been any reaction to this? Has it had any lasting effect or has it been put aside as a rather idiosyncratic personal comment?

**Dr Ahmed Al Hamli:** The Prime Minister made it clear that this is not the government position.

**Lord Reid of Cardowan:** Yes, this is a new convention whereby Cabinet Ministers express personal views, apparently.

**Dr Ahmed Al Hamli:** Yes. If the Prime Minister is saying something and the Foreign Secretary is saying something else, that will definitely have an impact on the relationships. But the Prime Minister made it clear that this is not the government position. Also, the Foreign Secretary went to the region and he did not actually mention this and was clear about being on the side of the GCC countries. I do not think this will have any more impact, but it is my feeling that the Foreign Secretary is supposed to be more in line with the government line.

**Lord Hannay of Chiswick:** I think you can criticise the language that the Foreign Secretary used, which was probably unwise, but would you disagree with the view that he was basically expressing, that a continuing, increasing hostility between Saudi Arabia and Iran, which is spreading to conflict in other places, is not a long-term recipe for a viable, peaceful, stable and prosperous region?

**Dr Ahmed Al Hamli:** He mentioned proxy wars bringing instability to the region. I do not think there is a proxy war on the side of the GCC countries or Saudi Arabia. A proxy war, as I understand it, is when militia are used by some states to fight on behalf of other states. This is true in relation to Iran: it is using Hezbollah and the Houthis and different people on the ground. But the Saudis are using their own military to defend themselves on the borders of Yemen. They are not using different militia to further their objectives in any places. Iran is not
listening. Hostilities began between Saudi Arabia and Iran when people in Iran went into the streets and burned the embassy, and the Government did not take action against this. That was a real threat to their relationship and to the GCC as a whole and was a sign that has been taken very seriously by the GCC countries. In addition to this, the militia that are operating in different places in the region are bringing insecurity and instability. Saudi Arabia is using its own military to fight in Yemen to defend itself. Many missiles have been thrown at the Saudis. This is a very important development to be borne in mind.

The Chairman: Let us move on to human rights. Lady Coussins.

Q76 Baroness Coussins: The UK Government are consistently lobbied by various NGOs and others to raise concerns about human rights in the region, particularly with the Bahraini and Saudi Governments. There is also the view that there is reputational damage and other costs to the UK as it pursues simultaneously its commercial interests and its role as an honest broker. Would you agree with that view, and what steps do you think the UK could take to achieve a balance between its security interests on the one hand and the concerns of the domestic audience to do with human rights on the other?

Dr Ahmed Al Hamli: Human rights is a very complex issue. It is not a simple trade-off between embarking on commercial activities and economic development with the GCC and protecting human rights. The human rights concept involves cultural and many other dimensions that make it so complex. It would be foolish if the Government stopped its relationships and furthering its economic interests in the region because of human rights or because of the demands of the domestic audience.

There are concerns about human rights. The Gulf countries and Governments are working towards better protection for human rights. But how the West understands human rights and how the GCC understands human rights is relatively different. This is a separate platform where Governments need to open a dialogue and discuss human rights more. Human rights require trust between Governments and people; they need the support of both sides.

We also need to come together on a path that combines human rights and human security. Countries, especially in the Middle East, need to engage in military activities to counter terrorism. Now, after the rise of terrorism in different parts of the world, they need to engage in certain types of activities that could damage human rights, but sacrificing certain human rights to the wider security, is a necessity today. If the demands of the local audience are driven by some other foreign countries urging them, those have no relevance to human rights. In Bahrain, for example, most of the opposition parties cite Iran’s support of these groups not just to get their human rights protected but to further their political agenda. Human rights and the political agenda are two completely different things. If we are talking about certain individual religious people, we are talking about the rights of the minority—that is something else.

Open political discussion is happening in Bahrain and Kuwait. People in the region are moving forward towards this, but this needs time. Everything cannot change all of a sudden. As I said, human rights take time and need trust first. There is a mistrust between Governments and those kinds of people, especially when Iran interferes. It is really important to bear in mind that stopping all relationships and economic involvement with the GCC just because of local demands on human rights would be foolish.
Q77 **Lord Hannay of Chiswick:** Going back to the issue of Iran and the Gulf states, at the moment, if I understand it correctly, British policy is to strengthen its alliance with the Gulf states and its involvement in their security—that is what the Prime Minister said when she was there—and, at the same time, to uphold and be quite supportive of the implementation of the Iran nuclear deal. Do you think that that policy can be sustained or do you think the two objectives are so contradictory that one of them should be dropped? How should the UK handle the situation if the new US Administration were to try to destroy or pull out of the Iran nuclear deal?

**Dr Ahmed Al Hamli:** I think the deal should be supported, but it needs to include different dimensions. The deal needs first to make sure that there are enough mechanisms on the ground to hold Iran responsible for any violations. There is a need also to have mechanisms that get control over any secret activities and military facilities. I think the UK could play an important role between the new US Administration and the European countries that are involved in the agreement. We do not know what the position of the new Administration is but the UK could also play a role between the GCC countries and the US Administration. It will be welcomed if the UK will stress the point that the discussion of the nuclear deal needs to engage the GCC countries as well. The GCC countries have concerns about the deal and these need to be taken into account while negotiating or adding to the deal to strengthen it and make it work.

I would like to raise another point about the deal. There is an opportunity for the deal to include a wider security and safety issue. In pursuing Iran’s activities to develop nuclear for civil use, it needs also to take into account the equipment and technology that are being used. I would like to bring to the Committee’s attention the fact that the Bushehr facility is using old technology, and there are reports of a safety breach. Iran needs to sign the 1994 Nuclear Safety Treaty and the 1997 Treaty on Safety for Waste and Spent Fuel on the safety and security of its facilities. These two treaties have peer-review mechanisms that will contribute to the overall development.

As I said, there are concerns from the GCC that need to be taken into account when they discuss the deal. I think the UK would be welcome to engage in the region again in the discussion and mediate between the European countries and the US.

**The Chairman:** Now on other parts of the turbulent scene, Lord Inglewood.

Q78 **Lord Inglewood:** We have had quite a bit of evidence that it looks as if some kind of decentralised political structure will emerge in Iraq and Syria. The evidence we have been given is that this country should not seek to get in the way of that. Is that your analysis: that it is likely to happen and that we should not intervene in trying to stop it? How, if at all, do you think this country and the other international global players should try to build relations with these sub-state actors?

**Dr Ahmed Al Hamli:** A resolution to the conflict in Syria and Iraq is very challenging. Decentralisation could be an option, but I want to raise a very important point. Decentralisation on the basis of religious or ethnic differences is not welcome. It will contribute to future violence. It is not working in the region.

**Lord Inglewood:** If that is the case—if it is so undesirable—how do you stop it?
Dr Ahmed Al Hamli: If you look at the challenges, it is about not just ending the conflict but rebuilding a structure of government that works, functions and contributes to security in the region. It is a long-term process. We need to invest more in a secular state that is based not on religion or ethnic differences but as a state for all. This is important. We need to build a relationship between people and the state. We need to see belief in the state return, not destroy the current state and have another microstate. This fragmentation will not contribute anything positive to the region. It will even worsen the situation.

The Chairman: Do you expect Syria and Iraq as they are presently delineated to emerge as total states from the present turmoil? Do you see them remaining in the shape they are now?

Dr Ahmed Al Hamli: Yes. As states they could remain in their shape. When you promote groups based on their sect or religion, this paves the way for them to have the chance to get into government and establish their state on their sect or ethnicity, such as the Kurds or some of the Shia sect—even some of the Sunni sect. This will not contribute to the situation in any way. Having the state itself come up with a negotiation through which the state will exist and continue to exist, that will build government structures that work and will bring security to society.

Lord Hannay of Chiswick: I am just trying to follow your line of thought through. I understand very well what you are saying about decentralisation needing not be based on religious considerations, but in both Syria and Iraq one of the pressures for decentralisation is ethnic, not religious. Do you treat that differently? The Kurds in both countries are pursuing not a religious but an ethnic agenda. In Iraq at least, do you not recognise that the pressure for decentralisation largely comes due to the Shia majority in Iraq, which means that if you have a strong central Government it will almost necessarily be dominated by Shia political parties? This is what is driving the demands for a less centralised system.

Dr Ahmed Al Hamli: You mean the current Government of Iraq? Could you repeat the question?

Lord Hannay of Chiswick: I am merely asking whether there are not contradictions in what you said. That is all.

Dr Ahmed Al Hamli: The current Government in Iraq are also a sectarian Government, as they are a mostly Shia Government who are supporting and furthering Iran’s agenda in Iraq. Most of the Sunni and Arab tribes and people in Iraq are not happy with the way they are governing. Instead of building a national army, they are building militia. This is what I meant about the new shift of power from state actors to illegitimate non-state actors being promoted by Iran. We need not to pave the way for Governments like that in Iraq and Syria. Governments should be based not on sects, religion or origin. It should be a Government for all. I fail to understand how western countries do not get it. The West has been through this throughout its history. It has come out of it and has built nations that work and bring security to their societies. The same should apply here: a secular state would be a solution to what the region faces.

The Chairman: The last, and in the way the biggest, question is about America in the region.

Q79 Baroness Helic: Sheikh Mohammed bin Zayed has invested a lot of
personal effort in building relations with the United Kingdom and the United States. One could argue that with the United States in particular the United Arab Emirates has a very strong relationship built on economic and security bases. If you look at the security links, quite a lot has been done on counterterrorism, joint training of the air force et cetera. Yet it came to me as a surprise that Abu Dhabi was one of the few world capitals that welcomed President Trump’s election. I read your article in which you recognise the possibly of President Trump healing US-Gulf rifts. I fully understand the dissatisfaction over the Iran nuclear deal, the uneasy feeling in Abu Dhabi about the human rights agenda coming from London and what you said about the Muslim Brotherhood, but where exactly, after what one could label all the successes of good relations between the UAE and the US, do you see space for healing the rift? Where is this rift, apart from what you have already said?

Dr Ahmed Al Hamli: According to his statement, President Trump and the people he is appointing are clear about the region. They have a much clearer approach. It is to take a strong position against Iran and political Islam, which is the Muslim Brotherhood, Daesh, al-Qaeda—all these terrorist people. This in itself is a major issue. Also, the potential new Administration is open to a different dialogue with Russia. They seem to be working towards a more stable region. With open relationships between the US and Russia there could be a deal to bring stability in Syria and Iraq. The region has been lacking a precise and clear American foreign policy. The new Administration could bring a much clearer approach and a strategy that works.

Baroness Helic: This clarity you expect from President Trump’s Administration and the potential closeness with the Russian Government could open a bit of a rift between the United States and the United Kingdom in the way these relationships are perceived. What would be your advice and thoughts on how to handle that difference between what may be the US’s and the UK’s attitudes towards the region?

Dr Ahmed Al Hamli: According to the speech by the Prime Minister, Theresa May, I do not feel there is much difference between the UK and the new Administration in the US.

Baroness Helic: On Russia.

Dr Ahmed Al Hamli: Not about Russia. Russia needs to be included in the negotiation. We need to open discussions with Russia to understand what it wants from the region. I find inconsistencies in the Russian foreign policy. It is backing Iran, but it still wants a deal and to build good relationships with the GCC. We might need mediation, or to sit together and have an open discussion. Theresa May made clear that the UK is backing the GCC and it has a clear eye on the threat that Iran poses to the region. They are on the side of the region against Iran’s behaviour. I do not feel that there is a difference between the Prime Minister’s speech, the current Government’s stance and the new US Administration. They seem to be coming together.

The Chairman: Dr Al Hamli, on that slightly positive note, we must sadly leave it here. Time is short, but your contribution has been extremely useful to us. Thank you very much indeed. We are very grateful to you for being here this morning.

Dr Ahmed Al Hamli: Thank you for having me.
Examination of witnesses

Mr Adrian Chadwick, Mr Oliver McTernan, Mr Tarik Kafala and Mr Sam Farah.

Q80 The Chairman: Gentlemen, good morning. Thank you very much for being with us. I remind you that this is an open public session and is on the record. There will be transcripts. If you want to look at them afterwards or even change them, you will be free to do so. Thank you for sparing the time to come before us. You are really the titans of soft power in this age of soft, smart and hard power. We want to gather your wisdom on how you see the changing pattern of power and force in the Middle East, which is our focus. It is quite difficult to put it in a single frame but we are trying our best. If, in answering questions, any of the four of you would like to come in, that is fine by us. We will not cover it all in the time available—we never do—but we will try our best.

Let us start with the obvious question: how is soft power understood by your organisations? We all talk about it a lot. We study it, we write reports on it; we think it is the new thing. It sounds rather nicer than hard power, if that means military force and killing, but what does it really boil down to? Let us have an opening, rather general answer on that. I will go from left to right and start with Mr Chadwick.

Adrian Chadwick: Thank you very much, Lord Chairman. The British Council views soft power as a country’s ability to make friends and influence people through its most attractive assets. As the Committee knows very well, in the UK’s case those are language, education, arts and culture. Fundamental to our understanding of soft power is that it is most effective when it is mutually beneficial, when it engages overseas countries and partners in agendas which matter to them as well as to us, and when it accrues over the long term. So mutuality and long term are key.

It is our assessment that arguably no country is more connected than the UK. If you look at the UK’s soft power assets, we have English as the language of business and the internet. We have a globally significant cultural sector—arts, national museums, literature and music. We have world-class science and research—no country has more Nobel laureates. We have the second-ranked higher education system in the world. One in four world leaders or heads of government studied in the UK. We are ranked second to the US as the preferred destination for international students and we have more universities in the top 100 than any country apart from the US. So higher education is another fantastic asset, along with sport.

Within that broad cultural context, we see the British Council as being one of the UK’s key soft power cultural relations assets. We are at the coal face. We are overseas. We have built trust through the mutual exchange of knowledge and ideas in the region and globally through English teaching, education, skills, and our work in civil society and with culture, arts and sport. We built that through history: our first overseas operation was in Cairo in 1938. We built it through presence: we have 1,600 colleagues in 17 MENA countries. We have 30 offices, and since 2011 we have reopened in Alexandria and Basra, and in Algeria we

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8 Middle East and North Africa
Dr Ahmed Al Hamli, President, TRENDS Research & Advisory. (QQ 72-100)

have moved out of the embassy into our own premises, with a big teaching and public offer.

We have also built it through scale. I hope we will have a chance later to talk more about our activity but, for example, 85,000 people a year come into our offices to learn English with us. More than half a million people a year in the region come to take UK qualifications and examinations with us, the vast majority being young, with a good gender balance. Last year we reached 17.9 million people digitally—up 45% since 2014. So scale is a big part of our work.

I will make just two final points to summarise our understanding of soft power—to give my fellow panellists a chance to contribute. Last year we were the touchpoint for Global Britain for just under 20 million people in the region through our activities, our programmes and our offices and presence. Finally, as the Committee will be well aware, on the question of the tangible benefits of soft power, research by the University of California in 2015 showed that a 1% increase in soft power ranking equates to a 0.8% increase in exports. There is a prosperity/commercial benefit to this. The British Council’s 2012 report Trust Pays showed that the average level of trust in the UK is 24 percentage points higher among those people who have engaged with the UK’s cultural assets, language and education. In Saudi Arabia, my region, which was one of those countries, there was a 16% increase in levels of trust in the UK as a result of that cultural engagement. There is a cultural engagement benefit there. At this point I will close on the British Council’s assessment of soft power and where we sit in it.

The Chairman: Thank you, Mr Chadwick. That is a very full, detailed and satisfactory answer. Mr McTernan, where do you see soft power taking us?

Oliver McTernan: Thank you, Lord Chairman. Our organisation, Forward Thinking, works in the field of mediation and conflict resolution. I agree entirely with Adrian that the first definition of soft power should be in the field of language and education. The challenge for every organisation is to reach beyond the elites—those naturally attracted, who want to learn English and want a higher education—to find ways of encouraging critical thinking based on principles and values within a broader section of society.

Our particular role as a non-state actor—an NGO—is to try to create what in the old language would be described as Track II spaces to enable Track I dialogue. There is a great need today to have engagement and dialogue, looking at the real issues, without the restraints of state policies. I think that can be achieved through creating, as I say, these forums and spaces where this sort of dialogue can go on. You can engage at a very high level—at foreign ministry level—without implications for a larger organisation such as the EU or a country such as Britain.

The Chairman: Thank you. Mr Farah and Mr Kafala, you are the masters of the message. How do you think your message fits into the soft power scene?

Sam Farah: I will focus on the BBC Arabic Service and what it does in the Arab world. Soft power is a very tricky thing in the Arab world but that is not what we do. We focus, as Oliver said, on engaging audiences in a type of media that is not necessarily available to them all the time—a type of freedom of speech that is not always accessible to them. We engage them in that sort of dialogue and we do not think about soft power as being what we do. We never have. In my 20 years at the BBC I do not think I have ever been in a meeting where we
discussed that this is what we do. But we realise that this is a by-product of what we do, which is great. Tarik can speak about the rest of the World Service.

**Tarik Kafala:** Speaking more broadly, the World Service’s principal purpose, as Sam was saying, is to provide trusted and engaging current affairs and news. Impartiality and trust are key. The happy by-product of this—that soft power can accrue—is clearly of benefit to us and more widely. Where does the soft power lie? How do we think about it? In the BBC’s global agenda, our purpose is provide benefits for our international audience. These are to do with accurate, trustworthy information provided clearly, engagingly and entertainingly, in a way that they can receive—the most direct communication. We do this through all platforms and media. We do this currently in 29 languages, including English. We are growing to 40 languages. We do this by producing documentaries, news and current affairs. We do this in-country—we have offices across the world. We have important hubs in Delhi, Cairo, Nairobi and Beirut. We are building one in Lagos. We exist, like the British Council, at the front line of the territories, areas and issues that we are talking about.

Our research shows that the BBC as a brand—as a name—is the most trusted in news internationally. That is consistent. It is not only our research; it is much more widely attested to. The audiences we reach indicate that. They are growing. The English World Service and the languages services reach 246 million people a week. Once you take in the BBC’s international commercial operations—the 24-hours news channel in English, BBC World News, and the website, bbc.com, which is available for international audiences—that rises to 320 million. If you take in Worldwide, which is the resale of BBC programmes and products, it rises to 350 million.

Key for us in our relationship with our audiences is trust. The benefit to the United Kingdom is one that we do not define. We define soft power as a concept in a similar way to my colleagues but, as I say, our aim is news and current affairs of the highest standard. When we talk about the benefit or the soft power that can be accrued, we try to define that. In a recent Chatham House survey of opinion formers across the world, 68% came to the conclusion that the World Service was the strongest advocate of the United Kingdom’s national interest. For a wider survey of the general public and the United Kingdom, the World Service came a close second to the Armed Forces. That, we believe, is why the Government continue to invest and expand investment in the World Service.

**Sam Farah:** May I add something? Particularly in the Arab world and possibly in the rest of the world, soft power is at its most effective when it is seen as independent from the state and Government of the country it originates from. That independence is critical for soft power to be any sort of power.

**The Chairman:** You are saying that there is no hint of propaganda.

**Baroness Hilton of Eggardon:** In talking about the image of our country in that part of the world, you have mentioned only the Arab world. You have not mentioned Iran and the Farsi languages. I wonder about the extent to which our image has been tarnished by Iraq and whether you think the recent spat between the Foreign Secretary and the Prime Minister has had any influence in that region. The major split is between Iran and Saudi Arabia. Are you making any efforts to bridge that divide by the detached, objective information you provide on both sides of it? Is that affecting our image?
**Tarik Kafala:** We would not make a specific effort as a result of events, UK foreign policy, or UK military actions or interventions. Generally we are the British Broadcasting Corporation, but we broadcast in these 29—soon to be 40—languages. It is widely recognised as the British Broadcasting Corporation. That is clearly part of what we do. The activity itself, I hope, helps with those issues you are talking about to do with image, damage in relations or anything else.

**The Chairman:** Does anyone else have any comment on how it benefits us, if it does?

**Oliver McTernan:** Could I address the particular question of what can be done to bring Iran and Saudi Arabia closer together? For the past two years we have been organising what we call the Helsinki Policy Forum. The idea came to us from someone in Saudi Arabia who felt the need for some sort of space or forum where they could engage Iran. With the help of the Finnish Government we have constructed a regular dialogue that brings together foreign office officials, parliamentarians, and business people from Iran, Saudi Arabia, Turkey, Egypt and Tunisia, as well as 11 different European states. That enables this kind of dialogue in a Track II setting—even the Foreign Minister of Iran attended the last meeting; we hope that the Turkish Foreign Minister will come to the next—where they can explore mechanisms. We are trying to help to create a mechanism that can first of all try to prevent crisis by recognising it ahead of time and creating exchange and, secondly, if we fail on that, to manage crisis in the region. It is a very small step, but the fact is you can get these actors in the same room. What is important is the independent image: it is a non-state actor that can facilitate it, with the support of states. It gives us possibilities and hopes that we can address the present conflict in the region.

**Lord Hannay of Chiswick:** Do you have the ambition or the aspiration to move that from Track II to Track I? That is to say, is the basic aspiration behind your Track II activity the hope the governments in the region might just join up a region that had some kind of organisation that brings together all countries and subscribes to non-intervention in internal politics, non-use of force, economic cooperation and so on?

**Oliver McTernan:** I like to describe it as a need for alternative leadership. We were locked in the Track II/Track I definitions from the Cold War period. We are now living in a very changed world where there are times when it is appropriate for non-state actors to take leadership in initiating something, but it reaches a time where that has to be taken over at state level if it is to be effective. If one rushes to mechanisms that are surrounded by bureaucracy, involved in long negotiations and so forth, you get side-tracked from the issues. It is about trying to find a way to deal with potential conflicts in real time, without the whole of the bureaucracy involved in it, yet at the same time be effective and achieve results.

**The Chairman:** It is a very changed situation, as you say.

**Q82 Lord Reid of Cardowan:** May I thank you at the beginning for all the work you and your organisations do? I had reason when in government to be very thankful for each of your organisations—although it was sometimes uncomfortable with the BBC, obviously. Mr McTernan mentioned non-state actors in the sense of individuals who can form the basis of a growing relationship and have liberty to act far more widely than formal Governments would in the first instance. We can see that with early discussions with the IRA, and those between the South African Government...
and the ANC and so on. Another set of non-state actors are perhaps more
difficult to reach. One of the recurrent features of the evidence we have
received is the importance of non-state actors or sub-state actors in the
context of fragmentation in the Middle East of some formal states. What
challenges has that presented for your organisations, particularly for the
British Council and Mr McTernan’s organisation? How have you sought to
meet those challenges to reach out to either sub-state groupings in
traditional states or non-state actors, some of which would be very hostile
to formal state leaderships?

Adrian Chadwick: This gets to the heart of one of the very important
transitions that the region has gone through and how we have responded to it.
Essentially, we have relooked at how we engage with the Middle East and North
Africa, responding to the changes in the context which Lord Reid described and
which are well-known to the panel. First, we have adopted an internal strategy to
halve the number of projects we do. Between 2013 and 2015 we reduced the
number of projects we did. We concentrated on priority work in priority
countries. We internally redeployed an extra £1 million into the Levant/north
Africa response, for example.

We also took the strategy that we would engage at three levels. We would look
at systemic reform, which remains the key to long-term stability, trust and
prosperity in the region. That is in reform of education systems and of justice
pathways, and improved dialogue between citizen and states. There is a big
focus on systemic reform.

However, we recognise that there are tens of millions of young people in the
region who cannot wait for the benefits to come from that systemic reform, so
the middle tier of our engagement is around the positive pathways. That is
engaging tens of millions of young men and women in the region through
universities and through civil society organisations. There are programmes such
as Young Arab Voices, through which 100,000 young people in the region have
had the chance to receive training in debate. These are core, fundamental skills:
the ability to express an opinion, to listen to the alternative opinion, to argue for
the alternative opinion, to understand what is an opinion and what is a fact, and
so on. On the back of this, more than 10,000 people have been involved in
de debating societies—in Tunisia, for example—which take place in universities and
civil society organisations. That civil space is very important.

We have other networks. For example, the Mobaderoon Network is a network of
4,000 young civil society activists operating with the displaced and diaspora
Syrian community and inside Syria. Again, this is about providing people with the
skills to engage communities in the most difficult of conversations. The month
before last, we met a group of civil society activists who had crossed the border
from Syria to meet us in Lebanon and who were going back the following day.
They are still working in Aleppo and Damascus, trying to find common ground
and to build dialogue with people there. So that is a big area around positive
pathways, English language and upskilling for tens of millions of people.

The final area is future leaders: recognising the importance of leaders in
communities, in college, in school and so on. That is how we have responded; we
have done much more in that informal civil society space, helping young people
who want to be part of the solution but feel that they are being problematised
and that the situation is securitising them, not equipping them to be part of the
solution. This is all underpinned by digital and the Arabic language, which is
another way in which we engage—as much as 70% of our social media presence is now Arabic language.

**The Chairman:** How do you steer through the situation in, for instance, Egypt? I remember visiting the British Council in Egypt. It was a crowded place full of enthusiasm. First, the western Governments seemed to be supporting Mr Morsi to the distaste of the Egyptian regime and then he was out and the al-Sisi regime was in. How does the British Council steer between those two? My impression when I went there, which was at the time of Marshal Abdul Fattah al-Sisi, was that there was some unease and hostility among the young people towards what had happened at government level. How has the British Council handled those delicacies?

**Adrian Chadwick:** I would make two points. First, the underlying needs of the young people in Egypt remain consistent: access to English language and to quality training and skills to help them both to improve their own lives and livelihoods through finding employment and to manage themselves while they wait for a job. So the underlying needs remain the same: the removal of cronyism, better opportunities and the chance to realise their aspirations. That was consistent. What was very interesting for us was that during that transition of power there were moments when it was difficult for the Egyptian Government to speak formally to the embassy, as a representative of Her Majesty’s Government, but they would still speak to us. The people and authorities in Egypt manage to differentiate—this comes back to my colleague’s comment on things being arm’s length—between the Government and the British Council and to recognise the mutuality and long-term agenda that we are working to. Having said that, of course there were hardships. We evacuated colleagues. We had a very complex balance between duty of care to our colleagues, our customers and our partners and the desire to remain open and to continue to offer the English-language skills, the debating skills and the skills to be an active contributor to your community, which were never more needed than at that point.

**The Chairman:** How does the BBC cope with that sort of shifting pattern?

**Tarik Kafala:** It is complicated but, again, there is a distance between us as an organisation, and the relationship that we have with our audiences, and the perceptions or feelings towards the UK Government or its foreign policy, as there would be between the views of the United Kingdom and the Government. There is always that distance. We, too, have many staff in Cairo; periods of unrest, whether they are civil or wider, are extremely challenging. A key part of what we try to do with our programming is to encourage debate and interaction. Again, that is an area where we see an immediate benefit. We focus strongly on social, gender and religious issues, which are areas that, as Sam said, many of the broadcasters that exist in the same space as us do not tackle. One of our key selling points or points of differentiation with our competitors is that we challenge power and authority, be that political, institutional, patriarchal or military.

**Baroness Coussins:** You mentioned the importance of English-language skills, Mr Chadwick, but language and intercultural understanding cut both ways. You also mentioned the importance of the reputation of universities in the UK. However, you do not need the fingers of both hands to count the number of universities where you can still do a degree in Arabic or even wider Middle Eastern studies. How important is that for you and your work, and indeed for the pipeline of people with the language skills and cultural
understanding who might end up working for the BBC World Service? We urgently need improvement to the provision of linguists in Arabic and other languages of the region coming out of UK universities.

**Adrian Chadwick:** We fully support that position. We live it in the region. I have a helpful opportunity to correct my earlier mistake, which was to say that 70% of our digital content is in Arabic—all our web presence is in Arabic and English. We live it in the office. I speak in Arabic. I have a colleague, my country director in Libya, who translates contemporary Arabic literature into English. We have an Arabic speaker in Saudi. We are living it in the region. It is a critical part of mutuality. We have just completed a phase of a project to try to support the teaching of Arabic in 50 schools in the UK. Our biggest contribution, which we spend a lot of time on, is advocacy; it is precisely your point, Baroness Coussins. It is about emphasising the need for young British people to be internationally mobile, open and curious to the world and learning foreign languages.

**Tarik Kafala:** I absolutely agree with Adrian’s comments. I graduated from St Andrews University. Three years later, the formal Arabic degree, with language, history, Islam and pre-Islamic poetry, was closed. It has now been reopened—I say that very happily—but there is a shortage of British-trained Arabists; there is no question about it. Most of our staff are Arabs from various countries, but 10 or 15 years ago that was not the case.

**Q84 Lord Hannay of Chiswick:** Could we look at the question of Iran and Persian, as the conversation so far has been about Arab-speaking countries? Given that Iran was perhaps the locus classicus for the BBC being at odds with an authoritarian regime, in the period when the Shah was about the fall, how are you avoiding those problems with a regime in Iran now that, although it probably leaves a little more space for debate than a totally authoritarian regime would, is certainly not fully democratic? Mr McTernan has spoken a little about the Track II possibilities, but what about the British Council or the BBC in particular—the Persian service, the Persian television service and so on?

**Tarik Kafala:** Our Persian service broadcasts radio, digital and television. We have no staff working for the BBC Persian service who are based in Iran. We are not able to. We broadcast and distribute our digital material internationally and to Iran, so we have access to large audiences that are very strong and are growing in Iran, but we have no working relationship with the Iranian authorities. As Members of the Committee will know, our staff are harassed. It is a very difficult relationship. When we are able to send people to Iran to report, it is on condition that the material is not used on BBC Persian. It is a very complicated situation, but it is a classic situation in the sense that we have no access to the territory but we report on it in detail. It is a continual challenge and we are forever having to adapt. The space for us as BBC Persian in Iran does not exist at all.

**Lord Hannay of Chiswick:** Are the Government taking steps on your behalf to make that situation a little less dire?

**Tarik Kafala:** That has been the work of many years and we have not seen any fruit from it. We are supported very strongly in that. At times of specific harassment of family members of BBC staff—the families of Iranian journalists who are working in London can be harassed in Iran—we are supported very actively.
The Chairman: Mr McTernan, did you want to add to that?

Oliver McTernan: Not particularly, other than to emphasise the importance of the BBC in reaching out and creating critical thinking. That is a very important role.

The Chairman: You are not the Government but in some cases you get support from the Government. Our final questions concern what the support is going to be. Lord Grocott has a particular question to lead us into this discussion.

Q85 Lord Grocott: It picks up a little on what we have been talking about in relation to the Persian service. I think the Beeb does a terrific job but I have a question about your newsgathering. Getting accurate reportage can be quite difficult even in an open western democracy. I have two questions: one is about numbers and the other is about access. How many people are there on the ground in whichever countries you want to tell me about? Let us take Egypt: how many people are operating there, particularly if you discount the ones who are based in Cairo? If you try to news gather in any country it is not a good idea to stay in the capital, although sometimes that is all you can do. It is about numbers, but it is also about access. You said how impossible—or very difficult indeed—it is as far as Iran is concerned. Would it be too embarrassing if I asked you to give us some indication of which are the most difficult countries to get accurate information out of—leaving aside the war zones; Yemen and Syria go without saying—in order to transmit your bulletins?

Tarik Kafala: I will talk first about Cairo and then about Iran, being extremes. In Cairo we have a hub bureau which includes BBC Monitoring, BBC Media Action, newsgathering for the domestic English audience, and BBC Arabic. We broadcast radio programmes live from there. We gather television programmes and we have a newsgathering team for reporting, which covers North Africa and Egypt, primarily, but we also deploy occasionally to Iraq and Yemen, for example. That is a very big operation. Altogether, it is probably about 640 people, of whom 140 or 150 will be Egyptian nationals.

Lord Grocott: Are you confident that they feel secure in the operation?

Tarik Kafala: It is not an easy environment to work in. Increasingly, the press is narrowed—the space to argue publicly on political issues is very narrow. We exist outside that, but when the centre of gravity narrows, that causes pressures for us. In terms of security, parts of Egypt are very challenging: obviously, the Sinai Peninsula, but also any large gathering. There are parts of Cairo that are difficult to report in, as well as parts of the Delta region. It varies. It is an office building that looks pretty much like any other office building. It does not have any greater security than others. In the sense of a working environment, it is a comfortable place to be. Many people come and go and commute to work without any issues.

We have no people in Iran. The BBC has a single producer based in Tehran who serves all BBC news outlets other than the Persian service. Thank God for social media—we have a lot of contributors in Iran. We have a lot of people who contribute anonymously to us and provide news and content for us. Otherwise, we report on the country from the outside.

Lord Grocott: Contributing anonymously is not the most reliable.
**Tarik Kafala:** It is not, and these relationships are built on many years of work and establishing trust.

**The Chairman:** Before we go on, I left Lord Inglewood out of the previous discussion. Do you want to come in?

**Q86 Lord Inglewood:** I have a very quick question. You were talking about an insufficiency of teaching of the kinds of things that are useful to you in your work—language, history and culture—in universities and schools in this country. What degree of insufficiency do you consider there to be? Is it enormously underprovided for or is it just a bit—just to get a feel for what you meant by that?

**Sam Farah:** You mean in the UK?

**Lord Inglewood:** Yes.

**Sam Farah:** It is quite insufficient.

**Lord Inglewood:** What does “quite” mean, please?

**Sam Farah:** It means that the majority of our attempts to recruit Arabists or Arabic speakers in the UK end up not being fruitful and then we have to go to the region.

**The Chairman:** Sorry, Lord Grocott, we rather broke into your line of questioning. I know that Baroness Helic wants to come in.

**Lord Grocott:** Perhaps it is a question that you do not want to answer about which of the states in the region that we are looking at are the most difficult in which to acquire accurate reporting information. Iran is a given and war zones are a given.

**Tarik Kafala:** Yemen is a war zone in almost all areas and that is very difficult to get into. Getting first-hand information gathered by the BBC is very difficult but we do deploy to Yemen and we have done so very recently. However, there are many humanitarian organisations operating in that area—the UN and Médecins Sans Frontières—and we can gather information about conditions and security through them. There are ways to do it. We also have people with whom we have worked over many years, salaried BBC Yemeni journalists and producers who work for us in Sanaa and Aden. There are ways to work in a territory such as Yemen.

Syria is different again. We have a correspondent permanently based in Damascus and we deploy to rebel-held areas. We achieve what we think is a wide view of the country, on balance, by combining the two. Our correspondent in Damascus will report on what he can gather and see. That is obviously a limited sphere. Combined with our correspondents in the rebel-held areas, that gives us the full picture.

There is a lot of press activity in the Gulf but it tends to be hugely government-sponsored. We as the BBC find it difficult to get visas to get to the Gulf. We have very good relations with civil society organisations—universities, medics and various institutions—which interact with us. We speak to them, we gather information, we interview them and they take part in programmes. But we have difficult relationships with the various Governments in the region. It varies. Kuwait is much more accessible to us than Saudi Arabia or Bahrain. The UAE is possibly the most difficult place to work in as the BBC. So it varies but the Gulf is
difficult to report on. Obviously, there is a huge amount of news and social media activity coming from that region. However, much of it is, again, limited in scope. It is uncritical and often government-led.

Q87 **Baroness Helic:** You have a potential competitor. I do not know how successful they are but I have noticed that Russia Today and Sputnik are quite active in the areas where the BBC World Service and the soft power of the United Kingdom in general have been active for years. How much of your space has been penetrated by these two organisations? In the post-truth world, are they more successful in their operations than the BBC World Service is in general? In your planning do you take on board the fact that they have been so active over the past five to 10 years and that their success rate in penetrating your traditional market, if I can call it that, has been quite good?

**Tarik Kafala:** We see Russia Today, or RT, and the other big international competitor CCTV largely not as direct competitors because they are quite explicit about what their aims are. They are to do with representing the views of Russia or China to the world. They are to do with countering a narrative that they see as pro-western. They exist in the same space. The time a reader or viewer has is limited, so they are competitors in that sense. However, our products are very different and distinct. Our editorial approach is to try to make them more distinct. Rather than occupy the same territory by producing generic, international news, our news needs to be cutting through in terms of investigation, originality and challenging the powerful. We respond to these competitors by trying to establish an editorial offer that is more distinctive and not in their space. One of the raisons d’être of the BBC World Service is to provide news and current affairs where those are not available. If we are providing a similar product to others, we have to change that.

It is not as simple as saying that they have grown. Audiences do grow. Russia Today is very successful in digital video. It is very successful on YouTube. It has very skilled video editors, graphic artists and so on. In that area it is strong. CCTV is very strong in parts of Africa. It invested very heavily in Kenya, in Nairobi. Those are things we have to deal with and adapt to, but overall we do not see them as direct competitors. We do something quite different.

Q88 **Lord Jopling:** Twice this year I have been in Cairo and I have heard horrific stories about the way the regime treats so-called terrorists arrested in Sinai. I have seen very little reporting of this. Is that because I missed it, or do you doubt that it is true? If it is true, why have we not heard more about it?

**Sam Farah:** This is the Egyptian authorities’ treatment of those whom they call terrorists. It has been reported, but the way it has been reported globally or on the World Service may possibly be slightly different from how it was reported domestically. The sphere of interests for the audience is slightly different. I believe it has reported on, and we have reported on, many things that the Egyptian authorities have been very unhappy about. The most recent one was an investigation we did called “Death in Service”, which won a best documentary award. It is about the mistreatment and possible murder of conscripts in the Egyptian armed forces. Obviously, the authorities were very angry that we did this, but on social media Egyptians were saying, “We have media in Egypt. We have journalists. Why do we have to wait, as usual, for the BBC to tell us what is happening in our country?” Reporting does take place. Sometimes it is very hard.
Sometimes it takes a very long time, but it is done to a very high standard. That is something we are very proud of and we will continue doing, whether it is about terrorists being mistreated or conscripts in the armed forces.

**The Chairman:** Mr Chadwick, you wanted to come in on the last question, but carry on.

**Adrian Chadwick:** To pick up Baroness Helic’s question on soft power influence, it is worth capturing that there is a slight relative decline in the UK’s standing both globally in the latest Monocle survey, where we dropped a place to fourth, and in the region. This is a very nuanced picture. If I may, I will submit something in writing to give fuller detail, but it is an important point that plays to increased competition, although it is very difficult to attribute quite, for example, what investment China and Russia, to pick up on your examples, are making in the region. It is clearly a big increase. We can quantify the US and that is very significant. It is an important point that there is a slight relative decline in soft power standing for the UK based on surveys from *Arab News* and Monocle.

Q89 **The Chairman:** I would like to broaden that question and ask about soft power generally. The Chinese are pouring hundreds of millions into their Confucius centres. The Russians are into soft power—everyone is. The Americans has a non-governmental but nevertheless strong input. The competition is very tough. You have partly answered this, but how do you cope with Al Jazeera and 65 other channels pouring into the region? This is not the scene it was 10 or even five years ago.

**Tarik Kafala:** It is very challenging, but we have to establish ourselves with more distinctive content. In some cases we narrow what we do, rather than have the whole panoply of output. We have to choose our markets and within markets the sectors and type of product we are putting into them. The days when the World Service was the only player in this field and could do everything are gone. We need to narrow the focus of what we do. That is how we deal with the competition: a distinctive product and clearer aims.

**Oliver McTernan:** Lord Jopling raised a very important point when considering soft power. There is a perception throughout the region that we are selective in our reporting—I stress it is a perception. That undermines the impact we have. Linked with that is something you raised, Lord Chairman, which is the interplay between interests and values. I was part of a dialogue with the Muslim Brotherhood across the region, which was organised by some of the European foreign ministries three years before the Arab spring. The criticism of western policy in general was that we always put our interests before our principles. The classic example pointed to was the 2006 Palestinian elections. The challenge when the Arab spring came along was whether we would rediscover our values and principles: will they be the guiding force in our foreign policy or will we revert to interests? The common accusation I pick up from the political and youth levels we work on is that we have reverted back to giving interests priority over values. All organisations here have the important challenge that we try to reverse that and communicate to government the importance of value-driven foreign policy—that our interests are, in fact, our values.

Lord Reid brought up a very important point earlier that we did not get a chance to address: how we engage the non-state actors, in particular the groups that fall foul of the current Governments. It is extremely important that we go back to our experience in Northern Ireland and learn the lessons there. I did a
comparative study between the Israeli-Palestinian conflict, the conflict in Sri Lanka and the conflict in Northern Ireland. The key lesson that we learned in Northern Ireland but have failed to integrate into our current policy is engagement without preconditions.

If people such as Lord Reid had not had the political courage to act in that way, I think we would still have a bombing campaign on the streets of London. I am sure of that, in fact. So that is something unique we have as a country that we have not capitalised on. We take the Israeli political leaders over to Belfast simply to sit with some of the key protagonists so that they can get insights into what was learned there in trying to resolve conflict. I would like to see British foreign policy recognise our success and be guided by that rather than all the time fitting into perceived ways of dealing with things and received analysis, not analysis based on facts.

The Chairman: But does that work with a death cult such as Daesh?

Oliver McTernan: Naturally, there are risk assessments to be taken. You will not engage with the activists who are fighting battles but there are thought patterns—there are scholars who are responsible for the ideology that we have seen being acted out. There is room for engagement on that level in secure settings. That is a possibility. Certainly, we should be engaging with groups that are not as extreme as Daesh—groups that are grievance-driven but have a religious underpinning to their actions.

Lord Hannay of Chiswick: I was surprised by what you said about values and interests because a lot of the criticism of President Obama and his US Administration and the Government here was that, when the Arab spring occurred, we were uncritical and naive about it. We thought it was here to stay and the path to a better future. The events have not quite turned out that way. I am not challenging the perception you have but surely it underlines the fact that some people think of us quite differently from the way we think of ourselves.

Oliver McTernan: I think that that criticism is quite unfair. We conducted, for the European Union, national dialogues in both Tunisia and Egypt. Out of the public layer, there was enormous engagement. The Brotherhood did make mistakes. They were learners in how to govern. But they were given a very short period to address those mistakes—in fact, I would say that they were given no opportunity to address those mistakes. My fear is that we have closed the chapter on that. We have left political Islam out there in the wilderness to find its own way and we will have to face the consequences in the future. Rather than continuing the engagement and voicing concerns that Morsi is still imprisoned on charges that, if they were put before international jurists, would be very questionable, we continue now as if it was business as usual. That is where the argument is put forward that we have reverted to what are seen to be our interests, particularly our economic interests, in our policy towards Egypt.

Lord Grocott: You specifically mentioned as an example of putting interests before principles our reaction to elections in the Palestinian Authority. Could you explain precisely what you meant by that?

Oliver McTernan: I will try to be as brief as possible. In 2006 American foreign policy was very much dictated by its economic interests. At that time, its economic interest was seen to be ensuring that certain Arab regimes remained in power because of the oil flow and other business issues. But 2006 disrupted that set pattern of doing business in the Middle East and the Gulf because we
suddenly found an elected Islamist Government in power. Before they had an opportunity to be tested to see whether they were capable of governing in a democratic way, we immediately put preconditions. They were preconditions that anyone involved in the Northern Ireland situation would say were unrealistic. No one could accept the preconditions that that Government had been given.

That was perceived in the region as us deliberately, first, not expecting a result in favour of an Islamic party and, secondly, being afraid of the consequences for the region. Had the change and reform Government elected in Palestine been given a chance to govern, and had they governed in a fitting way, it would have pre-empted the Arab spring. It would have raised issues in all the other countries. When this period comes to be written about, there will be lots of questions about our impatience. We do not give people the opportunity to make mistakes or help them when they make mistakes. We rush into proscribing and outlawing groups. This is where we are sowing the seeds for future problems.

The Chairman: Lord Grocott, I was going to ask whether you wanted the chance to ask the final question, but I think that you have done so.

Lord Reid of Cardowan: It is unfortunate that this was raised right at the end of the session. I think that it merits a session on its own.

The Chairman: I agree that these are very deep and fascinating waters. Thank you very much for being with us and illuminating us on some aspects of this enormous, complex set of issues. As Lord Reid has indicated, we would like another hour or two with you, but it is not possible. Thank you very much indeed.

Examination of witness

Rt Hon Jack Straw.

Q90  The Chairman: Good morning, Mr Straw. Thank you very much for sharing your time with us. I am obliged to remind you that these sessions are public. A transcript will come afterwards. If you want to add to it or you do not think it reflects your views, that is for you to deal with. Secondly—perhaps this is a more Committee-specific point—our main stance in these inquiries is to look at the future, not the past, in as far as they can be disconnected from each other. That is not always easy. We are not in grilling or point-scoring mode at all, but we really want to hear your ideas on the present and next phase in this enormously complex set of situations around which we are trying to put a frame, in particular who is now in power, who will be in power, what effect it will have and what that means for us here in the UK.

I will start with a question that you will probably want to generalise a bit, but it starts with a specific point. We used to go around the Middle East and find that the main issue was Israel-Palestine. Now you go around the Middle East and hardly anyone mentions it to you. Indeed, a number of observers, commentators and those involved say we must widen things. The Arab spring, the mobile telephone and new technology have changed everything. The whole argumentation on the nature of democracy has changed things. People have begun to talk about a new policy for the centre ground. Give us a general take on where you stand on all that.

Rt Hon Jack Straw: You are right, Lord Chairman, to say that the Israel-Palestine conflict has dropped out of the headlines, for a variety of reasons,
partly because of the much more intense conflicts elsewhere in the region and partly because the specific conflict between the Israelis and Palestinians has become more and more intractable to solve. It remains extremely important. I, however, am very pessimistic about the prospect of any resolution. There are various efforts in play at the moment to try to kick-start some talks. You may know that the French Foreign Minister proposed calling a conference in December, but this morning it was announced that it had been postponed to next month. Meanwhile, the Israelis have made it clear to Mahmoud Abbas that, were he to attend this conference, any prospects of direct talks between Israel and the Palestinians would be aborted. You query whether this conference gets going and whether the French are wise to call a conference that will be right up against the inauguration of President Trump. That is for the French to decide.

So far as Israel-Palestine is concerned, the fundamental problem is that the Israelis have been changing the facts on the ground by their continuing building of settlements and, as we see from plans before the Knesset at the moment, plans to legalise not all but many of those settlements. That makes the potential operation of a separate Palestinian state incredibly difficult, particularly in terms of what they are doing in Jerusalem, where they are essentially surrounding the Palestinians who live in east Jerusalem. I would love there to be a prospect of a peace deal. I am pessimistic about it, notwithstanding the fact that President-elect Trump gave an interesting interview last week, on 22 November, in which he spoke about this conflict. He said that he would “love to be able to be the one that made peace with Israel and the Palestinians”. He said that his son-in-law, Jared Kushner, who himself is Jewish, would “be very good at it”—that is, securing a peace deal—and that he “knows the region”. He went on, “A lot of people tell me, really great people tell me, that it’s impossible—you can’t do it”. I am not a great person, but that is exactly what I have been saying. He goes on to say, “I disagree. I think you can make peace … I have reason to believe I can do it”. Well, let us wish him all the best in that endeavour and see what happens but, as I say, I remain pessimistic.

As for the wider region, as we all know, this is incredibly complicated. Were there to be some kind of peace in Syria—which would be peace on Assad and Russia’s terms—and a settlement of some kind in Yemen, you could see the prospects for greater international co-operation breaking out. The first is possible given the military advantage the Assad regime has. The second will happen at some stage, but it is very depressing.

Meanwhile, to anticipate a question that may be raised, relations between Iran and Saudi Arabia are very poor at the moment after the execution of Sheikh Nimr al-Nimr and the sacking of the Saudi embassy, for which there was absolutely no justification. I gather people from President Rouhani, Foreign Minister Zarif and others were absolutely appalled by this piece of private enterprise by the Basij, the semi-disciplined, non-uniformed militia of the Revolutionary Guards. But it is important to note that the recent deal in OPEC\(^9\) involved an agreement between Iran and Saudi Arabia—it could not have happened without it—which, perhaps no surprise, was brokered by President Putin. There is some hope for improvement in Iran-Saudi relations, which is critical to stability in the region, but that will take some time.

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\(^9\) Organization of the Petroleum Exporting Countries
The Chairman: We want to come on to your expertise in all these areas, particularly Iran, in a moment, but on this first question, the implication of what I was asking was that, even if by some miracle there was a different Government in Israel, President Trump’s aspirations could go forward and there was some kind of settlement—the kind of thing that you and others such as Dr Kissinger have been working at for 20 years—would that make more than a pimple of difference to the vast storms of ethnic, religious and civil war in Syria and Iran?

Rt Hon Jack Straw: I think that it would. To people not just in the Arab world but in the Muslim world, the obvious injustices carried out by, I am afraid, the Israelis against the Palestinians speak to them of a world that is unfair and does not recognise justice for everybody at all. I do not know how many of the Committee have been to Israel and Palestine in recent years. I was last there three years ago, at this time of year. The situation is terrible and humiliating for Palestinians just going about their daily lives—constant gratuitous humiliations. I understand the security concerns of the Israelis—I do not dismiss them for a second—but much of what the Israelis have been doing is unnecessary, with their continued flouting of international law, the building of these settlements and the incredible discrimination they go in for, such as in relation to water. I went to a settlement in south Hebron on top of a hill. The Israelis have water and electricity at relatively cheap prices, but deny piped water just a couple of hundred metres down the hill to a Palestinian village. They then wreck their cisterns. That is an illustration of the problems that the Palestinians face and the difficulty of there being any kind of resolution. The other thing is that, were there a change of Government in Israel, the chances are that it would be a more right-wing Government, rather than a more left-wing Government, because of the very profound demographic changes that have taken place in the past 25 years in the make-up of Israel’s population.

Q91 Lord Jopling: Let us go back to Iran. You have been known over the years to be an advocate of a closer relationship with Iran. You even suggested that it might be a potential ally of ours. Is that still your view for the up-to-date situation in Iran? If it is, how should we go about it? Is there not a problem for our relationship with our old established allies in the Gulf? We heard evidence this morning of somebody from the Emirates, who was telling us that their big great enemy is Iran. How can we ride those two horses at the same time? Do you see a possibility of us being an interlocutor between the two in future? How would you develop this question?

Rt Hon Jack Straw: Lord Jopling, I raised the question in a lecture of whether Iran could ever be an ally. I said that was very distant, but I thought we could have much better relations and have it much more as a partner than a potential adversary. That is still my view.

What is critical to improving relations with Iran is that the JCPOA—the agreement that was reached last year and came into force at the beginning of this year on the nuclear dossier—is implemented in full. Although it is being undermined to a degree by hostility in the United States Administration—which may get worse under President Trump; we do not know—there are heavy responsibilities on the British Government to deliver what they agreed. That includes, for example, ending artificial restrictions on the number of visas that

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The Joint Comprehensive Plan of Action (otherwise known as the Iran nuclear deal)
the British embassy has been permitted by the Home Office to issue each week. My understanding is that it is issuing only 150 a week when it has the capacity to issue many, many more. The Iranians are for ever reciprocal, so it restricts British businesses going there. It means making a much greater effort by the British Government to ensure that banking facilities are available to British companies wishing to trade with Iran. There are plenty of deals, but in most cases these companies cannot get banking facilities because the big banks such as HSBC have withdrawn. They are all very worried, notwithstanding some points of reassurance by OFAC, the supervisory agency under the US Treasury, that they will be stung as their predecessors have been.

One of the proposals I have made on this, because it is essential if we are to improve relations with Iran and help the people in the Rouhani Government work to their advantage and not the advantage of quite hostile forces, is that the Bank of England should consider providing clearing bank facilities for British companies that cannot get such facilities from any other bank. That may sound off the wall, but I say to your Lordships that that is exactly what happened in 2000 when Barclays, under intimidation from so-called animal rights activists, withdrew all banking facilities from Huntingdon Life Sciences (HLS). I was in the thick of this as Home Secretary because the Home Office licensed Huntingdon Life Sciences, which is a huge and very important company at the centre of medical experimentation. Thankfully, with colleagues in the Treasury, I persuaded the Bank of England to provide banking services to HLS. Those have only recently been withdrawn because HLS now has ordinary banking facilities. Those things ought to happen. Meanwhile, France initially and Germany—the biggest trading partners with Iran—have virtually no restrictions on the number of visas they issue. They are making more progress than we are, although they face similar problems on banking.

On relations with the Saudis, the UAE and other Gulf states, my view is that we should not see relations between Saudi and Iran as a zero-sum game. The truth is that once you clear away some of the smoke, the relationships are very complicated. Yes, at a political, foreign-policy level the UAE regards the Iranians as potentially hostile. But who, during the sanctions period, has been the major trading party with Iran? It is Dubai. When I was in Iran back in October 2015, before the JCPOA came into force, they had the iPhone 6 well in advance of Brits. Everybody has them. Where do they come from? Through Dubai. When we bought a Persian carpet we had had to take literally thousands of pounds and dollars in our pockets because of the banking problems, but we had run out of cash. They said, “Oh, we’ll take a credit card”. On what was the credit card drawn? Their account in Dubai.

These things are complicated. I have already referred to Saudi’s deal directly with Iran over the oil price, which shows that they can co-operate. At the other end of the Gulf, you have Oman. It is a loyal member of the GCC, but it takes a very different view of relationships with Iran from other GCC states. So it is complicated.

My view is that it is not in the interests of Saudi and the UAE, Kuwait and Bahrain for there to be a stand-off between that side of the Gulf and the Iranian side. There is a whole history here that we need not go into that goes back to the bankrolling of the Iraqis during the Iran-Iraq War, which is often forgotten here,
but they remember. A security agreement was reached between Iran and Saudi Arabia under President Khatami. That, with a fair wind, could be restored.

I would make two other points. There are presidential elections next May in Iran. I think President Rouhani is likely to be allowed to be a candidate by the Council of Guardians, but it is by no means certain that he will win. There should be no outside interference with the Iranians, which they would never appreciate, but we need to ensure that actions we are taking assist the relatively moderate forces of President Rouhani, rather than undermine them.

My last point is on how we achieve this. Critically, we have to work very closely with the French and the Germans. What became the JCPOA started off as a trilateral initiative of the three then Foreign Ministers of France, Germany and the UK—Dominique de Villepin, Joschka Fischer and me—back in 2003, facing quite a lot of hostility from elements of the American Government. Donald Rumsfeld described it in rather fruity terms as a nuisance, and more. It worked. Post-Brexit, paradoxically it is even more important that we develop a close foreign policy alliance with France and Germany, not less.

The Chairman: Almost everybody on the Committee wants to ask you a question.

Q92 Lord Grocott: My question relates back to Israel-Palestine. Your very helpful lecture obviously predates our Committee, but it speaks precisely to our remit on a whole range of issues. On Israel-Palestine, you are suggesting a more robust approach from the West. You are saying that if policies relating to goods from the settlements or even involving the withdrawal of ambassadors do not work in changing Israeli policy towards settlement activity, then we should be ready to consider other measures to bring home to the Israeli Government that their actions are wholly unjustified. I want to know what other measures you suggest.

Rt Hon Jack Straw: Obviously that was written while President Obama was in power. There was no anticipation of the election of President Trump. At the moment, Prime Minister Netanyahu and the Israeli Government can do anything. They basically suit themselves about what they do. They know that they suffer no penalty at all. At the same time, the Israelis are very sensitive to matters of international isolation. For example, commendably, under Lord Hague some changes were made by the EU over research arrangements. That really stung the Israelis. Those measures need to be considered. Sometimes, in response to an acute crisis, there can be withdrawal of ambassadors, but it is easier said than done. If that did not work, other measures would include, for example, the downgrading of relations between major countries and the Government of Israel. I have never believed that it is sensible, in respect of any Government, to abandon diplomatic relations, because you need to talk to them, but these things sting. It is about trying to influence Israeli politics as well. Many people far more expert than I argue that in the longer term this policy of doing nothing will not work to the Israelis’ advantage, as well as, patently, the Palestinians’.

Q93 Lord Reid of Cardowan: I would feel awkward calling you Mr Straw, so Jack.

Rt Hon Jack Straw: Call me whatever you want.

Lord Reid of Cardowan: I will leave that to others. I am trying to discern from your speeches, which we have read, and your contribution today this question of
a commercial and economic relationship with Iran. Of course there are benefits to Britain of developing relationships, but am I correct in assuming that your argument is at least partly that they have enormous short-term political advantages to us in the sense of underpinning those forces and people inside Iran who would wish to develop at least a modus vivendi with the West, and in the longer term that it would help, through the development of economic forces in Iran itself, to set the material basis on which some progress towards their form of democracy might be better achieved?

**Rt Hon Jack Straw:** That is a very good summary, if I may say so, Lord Reid. It is worth bearing in mind that Iran is middle-income country. When you go there, Tehran feels like Madrid, or slightly better than Athens these days, with apologies to the Greeks. It does not feel like a Middle Eastern country or, say, Mumbai. It is a highly educated and young population. They are very devout—that includes younger people, so you cannot dismiss that—but they are also western-leaning. Their whole history is from the west, the north and directly to the east. It is not from the south at all. It is a huge potential market for us. If we are able, with European partners, to increase trade and investment and to normalise relations, that would have quite big political consequences. The reverse is also true. One of the criticisms that is made continually by the hard-line press in Iran is that the Iranian Government has “humiliated” itself by signing what the Iranians call in Farsi the BARJAM,\(^{12}\) and they have got nothing back. That is not true, but that is the criticism. We need to make sure that they get back more than they have so far received.

Q94 **Baroness Smith of Newnham:** Following on from the issues about Iran, you said that we should not see Iran-Saudi relations as being zero-sum. That position might not be seen in quite the same way in Saudi, or at least that is how it is perceived externally. Going back to Lord Jopling’s question, are we not trying to ride both horses at the same time if we say we can see a market, or are we suggesting that we can sell arms to Saudi, but we would sell other things to Iran?

**Rt Hon Jack Straw:** With respect, Lady Smith, what I said is that my view is that we should not see relations between Iran and Saudi, from our point of view, as a zero-sum game. Why should we? There is no prospect of selling arms to the Iranians for many decades, so leave that aside. I am well aware of the depth of our defence relationship with Saudi, on which many hundreds of jobs of my former constituents in Blackburn depended. I do not dismiss that relationship for a second.

First, we want to establish a foreign policy that is in our interests. In my view, improving relations with Iran is very much in our interests, which is why we signed up to the joint comprehensive agreement, notwithstanding some hostility from the Saudis. Secondly, as I said, underneath the rhetoric—’twas ever thus in the Middle East—there is a different kind of reality in terms of relations between the Emirates and Iran at a commercial level. In the last couple of weeks the Saudis themselves have indicated that they do not see relations as a zero-sum. They have just made this incredibly important agreement with the Iranians on oil—and the Iranians were the back marker in getting agreement. That is my view about this. In the longer term, it is in the Saudis’ interests to see the development of, if you like, a more normal kind of democracy in Iran and the

\(^{12}\) The Persian acronym for the JCPOA
power of the non-democratic state reduced. The current strategy of the British Government—backed, I think, by all parties—is towards that aim. I think we would be undermining our own interests if we were to change that.

**Lord Hannay of Chiswick:** For the sake of argument, if we take as a given your point of view, which I happen to share, that it is not a zero-sum game between Saudi and Iran, that it is not in Britain’s interests nor in those of Saudi Arabia or Iran that those should be a kind of Thirty Years’ War with the two facing off against each other all over the region, first, how do you move towards a better situation? Secondly, where is “there”?

**Rt Hon Jack Straw:** Moving to a better situation requires a settlement of the acute conflicts in Syria and Yemen, which is where I began. In Syria, I suspect that will happen. It will happen very much on President Assad’s, the Russians’ and the Iranians’ terms, but there we are. In Yemen, it requires more pressure, particularly from the major arms suppliers—the United States and the United Kingdom—on the Saudis to try to reach an agreement, and in turn, by the Iranians and Russians on the Houthis. It is clearly difficult and, as in any conflict where you have innocent people on both sides being slaughtered in considerable numbers, achieving this becomes more difficult, but at some stage, like in the Thirty Years’ War, there will be a resolution. We just have to try to make sure that it is not in 30 years’ time. Personally, I do not support the British Government’s policy of what amounts to active involvement in Yemen. It is hard to see how this is going to end in a satisfactory way.

When I was in Oman about a year ago, it was striking to hear very senior Omanis—after all, they share a border with Yemen, so they are not detached from this—be so critical of the “Yemen adventure”, as they described it. They said, “Yes, it is true that the Saudis are supporting one side and the Iranians are supporting the other, but it is much more complicated than that”. Although the Houthis are Shia, they are Seveners, not Twelvers. These are differences that matter. It is a complicated tribal society. Just thinking that you could bomb part of that society into agreement is at best naive.

You asked about “there”, Lord Hannay. “There” is to get to a modicum of stability. This is a highly turbulent region. The idea that suddenly all those complicated societies and conflicts are going to be resolved and be on the sunlit uplands is nonsense, but you could get to a better level of stability, as has existed in the past.

**The Chairman:** Britain has been deeply involved in this region for well over 100 years. You have been describing, as a statesman, what we should do next. But should we really continue to do so much? Should we be involved? Lady Hilton has a question on that.

**Baroness Hilton of Eggardon:** Yes, you pre-empted my first sentence.

**The Chairman:** Oh, I am sorry, I always do that. Terrible, I apologise.

**Q95 Baroness Hilton of Eggardon:** It is an area where we have had a great deal of influence over the past century. Presumably, that has to some extent diminished due to various natural causes but also of course our own actions in the region—attacking Iraq, for example. How much do you think we still have influence or does this vary from country to country, rather than being all over the Middle East, as it was in the past?
**Rt Hon Jack Straw:** It varies very much from country to country. Of course, as with any other country, the present and the future are partly determined by history. I do not think we should eschew our history. Among other things, it gives us very strong commercial links, especially with the Gulf States, with which we have substantial trading relations and much else besides. It also gives us an understanding of the region. Although there have been unfortunate budget cuts at the Foreign Office, it still has a high level of expertise on the Middle East and very distinguished linguists. If we are going to remain members of the permanent five of the Security Council, we have responsibilities. I think we should pursue an active foreign policy in that region and do it, so far as we can, with France and Germany—and, yes, if we can get the United States alongside us, that is good, but we should not be dependent on the United States.

**Baroness Hilton of Eggardon:** Do you think that our policy should be driven largely by commercial interests or—you will have heard some of the argument earlier—should we be more value-driven, with our foreign policy based more on principle rather than purely commercial interests?

**Rt Hon Jack Straw:** Foreign policy ought to have values behind it, of course, not be based just on vulgar short-term considerations of realpolitik, because such considerations normally lead the policy to run into the buffers. Commercial considerations are one factor. In any case, and going back to what I said about Iran, if you improve trade, you can often see a gradual easing of relations in other respects as well because it improves communication. These are not completely separate stovepipes. I also think that we should maintain a security presence there. We are famously the fifth-largest economy in the world and still have very substantial defence forces and I certainly do not subscribe to the view that we should abandon all that for soft power. For soft power to be most effective, you need the potential of hard power behind it.

**The Chairman:** What do you mean by “maintain a security presence”?

**Rt Hon Jack Straw:** Within the Gulf, not least to ensure that oil tankers can move around, so that there can be no blockade; we should continue with our partners to patrol the Horn of Africa against all sorts of piracy. We have a responsibility for that, in my view, and, in terms of the free movement of tankers within the Gulf, a plain strategic interest.

**Baroness Hilton of Eggardon:** But you have just been voicing doubts about Saudi Arabia in relation to Yemen.

**Rt Hon Jack Straw:** Yes, but I am not saying that because we should maintain a security interest we should intervene on one side or the other in every conflict. I am not suggesting that at all.

**The Chairman:** Of course, America looms over all this. They must be having the same debate there. Lord Hannay.

**Lord Hannay of Chiswick:** I know that this is a difficult moment to try to say what the Trump presidency’s approach will be. We will know a little more when the nominees have been through their Senate procedures and things like that—

**Rt Hon Jack Straw:** Inshallah.

**Lord Hannay of Chiswick:** —and the President has made his inaugural speech. But there seem to be rather a lot of ways in which our policy, as
currently constructed anyway, diverges from the probable Trump policy. The Iran nuclear deal is one of them, which we have talked about. There are others, such as the way in which any rapprochement with Russia could impact on Syria, and the language that President-elect Trump uses towards Muslims generally. These are all pretty worrying things. Is that likely to lead, as I think you suggested, to the UK working more with France and Germany and less in lockstep with the United States than in the past? How would that affect our ability to exert influence in the region?

Rt Hon Jack Straw: I think it may. Like you, Lord Hannay, I think none of us can predict the precise course of the Trump foreign policy. Even since he was elected there have been some surprises, as his statement on his commitment to resolve the Israel-Palestine question illustrates. However, from what we know now, this is going to be a very different Republican presidency from any that we have seen in the past, certainly in the post-war period. Taking the period that I know best, President Bush had a very acute understanding of foreign policy and in both Colin Powell and Condoleezza Rice he had people of huge experience, who understood international affairs, not least the Middle East. We did not always agree with them, but we worked extremely hard with the Americans to agree a common approach. I hope that that will be the case.

We certainly should not start from a position of aiming for disagreement with the Americans—far from it—but there are going to be some difficulties. For example, on the nuclear deal with Iran, I hope that the British Government will follow the position that Lord Hague adopted, where he made it clear that even if the United States were to take a different view, the United Kingdom would stick to that agreement. I do not know whether he has said this in any other context, but when I interviewed Lord Hague for a radio programme I made last December, called “Bridging the Gulf with Tehran”, he said that in terms it will make for difficulties with Washington but, coming back to your point, the more we are able to develop a common approach with France and Germany, the stronger our voice will be in Washington—and I would not leave out other countries with which we are natural allies.

There are other potential rubbing points. When Mr Trump did this press conference about Israel and Palestine on 22 November, he did not mention his plan to shift the United States embassy in Israel from Tel Aviv to Jerusalem. If he were to do that, the fat would be in the fire. I hope that he will back off from that. I do not think that he has any understanding of the impact that that apparently simple move would have across the region. I do not want to sound condescending, but we have quite a job of education to do in Washington.

Q97 Lord Jopling: Within the past two weeks, our Foreign Secretary made a speech in which he said that “it is Britain that insists on our resolve to enforce sanctions against Russia for their occupation of Crimea and their hand in the war against eastern Ukraine”. I know that that is to do with Ukraine and Crimea, but it has an impact on the Middle East, yet the new nominee for Secretary of State in Washington has questioned sanctions. This frightens the life out of me—does it frighten the life out of you?

Rt Hon Jack Straw: It does not frighten the life out of me. If the United States were to abandon sanctions, that would raise a very large question about whether the European Union, which includes the United Kingdom, could continue with them. I publicly supported the use of sanctions against Russia over its acquisition
of Crimea and eastern Ukraine. I am slightly ambivalent about it. I do not remotely support either of these but the European Union did not handle itself with glory in the run-up to the Russians’ military action in eastern Ukraine, and the negotiations over the EU association agreement with Ukraine were cack-handed in the extreme. If you contrast that, for example, with the similar agreement that was made between the European Union and Kazakhstan, the contrast is really stark because the Kazakhs, who share a border with Russia and are alive to the Russian issue, made sure, and so did the European Union, that Moscow was kept informed in real time about the terms of the agreement, so the Russians were relaxed about it. There was a determination, partly assisted by the then Government in Kiev, to exclude Russia as though Russia had no interest in this, but of course it did. It had commercial interests and all sorts of other things.

If I were Foreign Secretary, I would sit down with colleagues in government and say, “We have had these sanctions for a certain period. What has been achieved by them?” We may come to the view that we should continue with them, but we may come to the view that their time has expired and we should seek a way through them without giving “direct victory” to President Putin. For sure, Britain’s influence and foreign policy are better if we can have better relations with Russia, which we did for quite a period. Notwithstanding the Iraq war, relations were relatively straightforward and continued to be so until the Russians felt that their co-operation on the Security Council resolution on Libya had been abused.

**The Chairman:** In some ways, the arrival of Mr Trump and, indeed, the Brexit phenomenon might open up new opportunities to have less of a “Me, too” policy with America and the possibility to develop our own networks and interests in different ways. I notice that the Foreign Secretary said that the era of abandoning east of Suez was over. Does this herald a whole new era of involvement in the radically changed Middle East that we are now looking at?

**Rt Hon Jack Straw:** I neither wished us to leave the European Union nor, frankly, had I been an American voter would I have voted for Donald Trump. But there we are: both sets of events have happened and we have to deal with them. If Hillary Clinton had been elected President, there would not have been an issue about whether we continue to co-operate with the United States, because broadly its foreign policy would have been in line with ours, and vice versa. Given that these are matters of fact, we have to seize the opportunities that are there. I am happy to send the Committee, if it is not overburdened with lectures of mine, a recent lecture, which I gave to the Defence Academy in Shrivenham last Tuesday—

**The Chairman:** Yes, we have it.

**Rt Hon Jack Straw:** —about how we handle foreign policy in the new circumstances.

**Q98 The Chairman:** I have one more question about America; this is a bit of history. When Parliament here voted down the Government’s wish in 2013 for more military action against Assad, I think you joined in voting that down—maybe with some doubts, but you did—and America appeared to follow on. Was that a happy sequence of events that you still think was right?

**Rt Hon Jack Straw:** I think that I made the right decision. I spoke in the debate. I think that everybody, including our then leader Ed Miliband and
Douglas Alexander, was wracked about the decision, but I think that we came to the right decision. I noticed this morning on the radio that Crispin Blunt, the Chairman of the Foreign Affairs Committee in the Commons, was saying similar things. The problem with that proposal was that it was not properly prepared. It really was not. President Obama, you may recall, said that his proposed action would be a “shot across the bow” of the Assad regime, which was revealing but an extraordinary analogy to use, because shots across the bow are not designed to cause any damage.

The stated military aim of that action was to end Assad’s use of chemical weapons. I was very unclear about how, from the air, you could remove a chemical weapons arsenal—how do you do that? No one was suggesting that we put ground troops in afterwards but, given that no one was suggesting that, the next question was: so you bomb various bases; with luck you pick the “right” bases, not the wrong ones, but there is no way of knowing; what happens then?

It is said that this action would have weakened Assad, which it might have done, but it would also have had consequences for the involvement of the Russians and the Iranians, who would not have just sat back and done nothing. It was all done in haste, do you remember? We were going to come back to Parliament the following week but suddenly on 29 August we were told that it was absolutely vital to turn up that day to vote on this very ill-thought-through proposal. If there had been more time and some of the questions about what was going to happen next had been resolved, it might have gone through, but it was one of the least well-prepared proposals for military action that I can think of for a very long time. That was why it failed.

Q99 **Lord Inglewood:** You have almost covered the point that I was going to raise. We have talked about countries such as Turkey and Iran perhaps playing a bigger role in trying to stabilise the region. I think that your view is that they could. In the real world, is there anything we might do to assist that and act as a kind of honest broker or mediator to get that process under way?

**Rt Hon Jack Straw:** I declare an interest as co-chairman of the British-Turkish Forum, which is backed by both Governments. The situation in Turkey is very difficult at the moment and has been since the 15 July attempted coup. I do not think anybody—the wider public and probably most Members of Parliament, at either end—fully understands the extent of the trauma of that attempted coup on 15 July. It killed about 240 people, injured very many, and came very close to being successful. Had it not been for the pure chance of the chief of the defence staff, who was not part of the coup, being alerted by a pilot questioning why he was required to go from Istanbul to Ankara that evening when he had the weekend off, the coup would have taken place not at 9.30 pm but at 3 am, when it would almost certainly have succeeded. All sorts of things have followed from that.

My view, and I think that this is the view of the British Government, is that although the consequences are very difficult and some people have criticised President Erdoğan for his “overreaction”, we need to stay close to the Turkish people and the Turkish Government and do our best to influence them from within a close relationship, not shouting from the side.

Relations between Turkey and Iran are interesting—I gave a lecture about that, too; you may have it. Despite the fact that they are Sunni and Shia and so on,
they have managed to co-exist pretty well along a border that has not changed for centuries. They have always avoided any direct conflict. My estimation is that they will carry on doing that. They are potential rivals and partners but there is huge trade across the border. They have a shared interest in not seeing the Kurds suddenly erupt and challenge international borders.

A quarter of Iranians—the Azeri Iranians—speak a Turkic language. Former President Gül said to me quite recently that he always found it very easy to talk to the Supreme Leader, Khamenei, because he was basically an Azeri so he was talking Turkish. Underneath this confessional divide, there is a lot of common interest. I do not think we need to be an honest broker—nor do I think we could be—between Iran and Turkey, except that the more we are able to build up relations with Iran, the more we can influence Iran bilaterally and through that its co-operation with Turkey. Turkey is going through a difficult period but it will stabilise in due course. If these two countries were able to work together on foreign policy issues, they could be quite influential. It is worth bearing in mind that, while this continues to be a factor, the Saudis and most of the Gulf states—not all of them—actively supported Iraq in the Iran-Iraq War, and Saudi bankrolled Saddam. The Turks stood back from that and maintained good relations with Iran during that terrible conflict.

The Chairman: Finally, because we have kept you a long time, we are talking about whether the region can look after itself or whether the involvement of the great powers over the past couple of hundred years should continue in a new form. Lady Coussins.

Q100 Baroness Coussins: You have talked about British policy and the British role within various individual countries in the region, but what is your assessment of the UK's capacity to exert influence on the international stage, when you take into account the different and evolving roles of Russia, China and the US, not to mention our own situation post-Brexit? There are quite a few unknowns there which we might have to just make educated guesses about. How well positioned do you think the UK is to exercise influence at an international level? How would you advise us to nurture and calibrate diplomacy to fit in with that vision?

Rt Hon Jack Straw: First, we have to accept certain realities. We do not have the military capacity—and we are not going to—of the United States, China or, indeed, Russia. This is despite the fact that in nominal terms Russia’s economy is the same size as Spain’s. It has three times the population but it made a strategic decision to spend an awful lot of its wealth and income on military strength and the projection of power. That said, the region will continue to affect international relations for a whole variety of reasons, including the fact that this is where most of the world’s hydrocarbons come from. However green you are, we are going to be dependent on hydrocarbon resources into the distant future. The fact that all those economies are so vulnerable to shifts in the oil price makes them sensitive to factors in the international economy.

At the risk of repeating myself, how do we handle the situation? First, we should have confidence in our potential role and our diplomatic and military ability. We are the fifth-largest economy and the fifth-largest defence spender. We are down the ranks in absolute terms but we are still significant. We have this critical responsibility as a permanent member of the Security Council. I assume that we will want to maintain that. There are historic reasons why we do. How do we handle it? We need to strengthen our diplomacy, not just its quality but its
quantity, because, among other things, we will need to strengthen our diplomatic presence in the capitals of EU member states because so much has been done in Brussels or between capitals. If that means diverting some of the money that we currently spend on aid to sensible diplomacy, I absolutely support that, because there is the prospect of being caught in the headlights by the 0.7%; I am sceptical about how a lot of it is spent. Then we need to build up alliances, as I say, particularly with France and Germany. The reality has always been that an EU foreign policy exists only if France, Germany and the United Kingdom agree it. That will be so in the future.

The Chairman: Mr Straw, there are about 1,000 other questions that we would like to ask you. We are reminded of the adage that everything in the Middle East connects to everything else. Wherever we turn, there are twists and turns. You have been very frank and illuminating about the future and, indeed, bits of the past as well. We greatly value what you have said. We are very grateful to you for coming before us this morning.

Rt Hon Jack Straw: Thank you very much indeed.
Wednesday 25 January 2017
10.30 am

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

Evidence Session No. 11 Heard in Public Questions 122 – 133

Witnesses


Examination of witnesses

Hayder al-Khoei and Haid Haid.

Q122 **The Chairman:** Good morning, gentlemen. Thank you for coming to share your thoughts with us. We appreciate the time you are giving to the Committee. I am obliged formally to advise you that this is a public session. There will be a transcript of what you say, which will be supplied to you, and if you want to change anything or emphasise different aspects after the meeting you will be absolutely free to do so.

I will begin by repeating my welcome to you both. Mr al-Khoei, in our view you are uniquely placed to help us this morning, as is Dr Haid Haid. The Committee is trying to focus on the entire shifting power scene in the Middle East and on what that means for the United Kingdom—we are a United Kingdom Committee—and our international position. We want in particular to try to unravel what forces are at work in the region and who is really calling the shots.

We note that at the moment the US, the UN and the EU seem to be slightly taking a back seat, particularly in the Syrian peace process, which at this moment is being analysed and developed in Astana. Do you think that marks a permanent change? Is this a world that has fallen into the hands of Russia, Turkey, Saudi Arabia, Iran and other forces, or is it just a passing phase? We would like the expert take of both of you on this and on how the UN may or may not be a key player. Are we looking at a fundamental change, or is this just a temporary phase? The floor is yours.

**Hayder al-Khoei:** Thank you, Lord Chairman. It is an honour to be here today. Perhaps I may start by giving a brief overview of how I see the changing scenario in the Middle East. I think we should understand just how badly the international community has failed with Syria and in Iraq, in particular by thinking that, as was the case in Afghanistan in the 1980s, extremists and radical
jihadists could be supported for short-term policy goals. This of course backfired badly in America on 9/11. With Russia and Iran stepping in to protect their ally, Assad and his regime have survived, but the hundreds of rebel groups remain in Syria. We have seen a mainstreaming of extremist radical Islamic ideology across the board that was on the fringes but is now evident both in public discourse and in regional and social media. On the fringes, we have jihadist and extremist groups outdoing each other on just how sectarian and brutal they can be.

There was a clear contradiction, particularly in US policy, when it came to Syria and Iraq. On one side of the border, rebels were being armed and funded with the clear aim of ousting Assad, while on the other side of the border in Iraq the international community was supporting the Iraqi Government in fighting the same groups. Of course, transnational jihadists do not much care for borders drawn colonially in the 20th century, and we have seen how they swept across the two countries. On ISIS, I want to note that the military campaign is progressing quite well. The anti-ISIS coalition has bombed ISIS thousands of times, but we need more than just bombs to defeat these groups; you cannot defeat ideas with only bombs.

On the shifting power balance, to put it more bluntly, it is very clear that western countries are becoming less relevant in the Middle East when we look at Syria and Iraq. I think this will continue to be the case. This is first and foremost a regional struggle for power and influence in which countries like the US and the UK have less influence. Also, I do not think they are seen as credible players by either side in Syria. Opposition forces in Syria think that the West has largely abandoned them to Assad and his allies and not followed through on red lines that were made quite clear when it came to the use of chemical weapons. On the other side, the Syrian regime and its allies think that the West has only fuelled the fire in Syria by arming and funding some of the more radical jihadis.

Where I think the UK can play a more positive role—for the record, I do not think that the UK has much, if any, leverage in Syria— is by using its influence with some of the stakeholders involved in the Syrian crisis, particularly its Gulf Arab allies who are backing some of the rebel groups. I think there is also scope to put more pressure on those allies to stop this hateful and violent interpretation of Islam being exported.

The Chairman: Mr Haid, would you like to add your opening thoughts on that theme?

Haid Haid: Yes, I would like to do so. First, thank you for inviting me. We all know that the conflict in Syria has been going on for almost six years now. Around 500,000 people have been killed, the majority of whom were civilians. It is also clear that there is no military solution to this conflict. That said, all attempts to find a political solution have failed, and they have failed for two main reasons. The first is that there are no enforcement mechanisms and the international community has either not been willing or not been able to enforce any kind of deal. The ongoing ceasefire now, as well as previous ceasefires, is a perfect example. They reach a deal, but there are no enforcement mechanisms in place to make sure that these deals will be implemented. Unless they are, we cannot expect any kind of political progress to be made in order to end the conflict.
Mr Hayder al-Khoei, Research Director for Shia Studies in London; Visiting Fellow, European Council of Foreign Relations (QQ 122-133)

The other problem is the vicious circle that the ongoing political talks are in right now. Whenever there is political talk, all parties start discussing issues from scratch; they do not build on what they agreed upon before. Whenever they reach a critical moment and have to discuss the authorities that will lead the transitional period, they stop, suspend those talks and go back home. The next time they meet they start from scratch, and when they reach a critical moment they go back. There is no pressure to force them to start discussing the elephant in the room and address it.

Going to the question, the regional powers, mainly Turkey, Iran, and Russia as an international power, have not been able to achieve anything in the recent Astana talks, first, because they do not have influence over all the actors on the ground. No one among those powers has influence over the Kurdish forces. One of them, Turkey, is a clear enemy of the Kurdish forces. Iran has its own problems with its own Kurdish groups, which influences its position towards Kurdish groups in Syria. Russia is trying to build good relations with the Kurdish forces but has not been able to do so. So the only group right now that has influence over Kurdish forces is the Americans, and they were not there. They were not willing to invite Kurdish forces to the table and they will not be able to force them to accept any kind of deal that they reach. There are also the forces who are fighting in the southern part of Syria and are influenced by Jordan and the US. The three powers that have been trying to reach a deal alone do not have influence over all actors. They also need the funds that will come from the EU and other western countries at a later stage to rebuild Syria. They cannot fund that themselves. They know that unless those actors are involved in the process they will not be happy just to pay the bill at a later stage, so they have to involve them.

The last important point to make is that there is also a general agreement among opposition groups that any kind of political process should be conducted under the supervision of the UN, the EU and the US, because they do not trust Russia or Iran and they want independent observers, not only to observe what is happening but to enforce any deal that they reach.

The Chairman: All sorts of questions arise out of your comments, which we are going to pursue in the next hour or so, if we may. The obvious one is: is this a power struggle that we are looking at or a religious war, or just social disintegration? What role, if any, will the outside powers be playing in this? Not so much the western powers as the new players—Russia, Turkey and so on. These are the themes that we want to discuss.

Q123 Lord Hannay of Chiswick: I will ask you to look at the wider region, not just Syria but including Syria, and try to help us understand whether, as some people argue, this is a fundamental religious dispute between Shia and Sunni that bubbles up in different places. Those people say that it is that dispute, that battle between those two, which is the fundamental feature of the instability in the Middle East. A lot of other people would say that that is not really the case: Shia and Sunni have lived side by side perfectly amicably for thousands of years—hundreds of years, anyway—and this is more about power relationships and the role of Iran, Saudi Arabia and so on. If you could comment on that, it would be quite helpful.

Hayder al-Khoei: It is a bit of both, and both sides are partly right; it is mainly political and it is a struggle for power, but what might be slightly more difficult to understand in the West—for the record, I am both British and Iraqi, so I have a
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Bit of understanding on both sides—is that religion plays a very big role in the day-to-day lives of people in the Middle East. It is a very powerful factor. It affects them from the moment they wake up to the moment they go back to bed. Because this is the case, it also gives politicians an opportunity to play on religious and sectarian discourse as a way to mobilise and manipulate their people for political purposes. It is political and it is religious, but I am not entirely sure where we can draw the line, because those lines are blurred.

Another extreme argument is that they have always been at each other’s throats and have been killing each other for 1,400 years. That is not entirely true, but we should also be more frank and understand that sectarianism in Islam is as old as Islam. We have had violence from day one, in the seventh century. There were brutal massacres, beheadings, heads placed on pikes—some of the things we see now in Syria. This was happening in Syria and Iraq 1,400 years ago. That is not to say that Shias and Sunnis have been at each other’s throats for 14 centuries, but certainly sectarianism has been an element from day one and there have been brutal episodes of sectarian violence. But if you look at a broad sweep of history, it is noticeable that when these tensions flare up and it becomes the most bloody, particularly 16th-century Turkey versus Iran, it is when external powers have a political struggle and use religion as a means to mobilise and manipulate. Some academics call these people sectarian entrepreneurs. They could not care less about Sunni or Shia Islam. They could be atheist and not religious at all, but as a politician it is something powerful to play on.

As a practical example of why this is not technically a Shia-Sunni struggle, we are constantly reminded that Assad is an offshoot of Shia Islam and is backed by Shia forces. Assad himself, after the US-led invasion of Iraq in 2003, openly, blatantly, incited Sunni sectarian jihadists to go and fight in Iraq. Ostensibly, this was to combat the Americans, who had grand visions of redrawing the Middle East and exporting democracy, but these Sunni jihadists were going to Iraq and systematically targeting Shia civilians in mosques, markets and schools. So we have a so-called Shia player using Sunni extremists for a clear foreign policy agenda. To sum up, it is a bit of both: it is political and religious.

The Chairman: Mr Haid, would you like to comment on this central question? Is it a power struggle or is it religious?

Haid Haid: I agree that it is a bit of both. To understand it better, I think it is important to differentiate between the motives of local players and the motives of regional players. Looking at what happened in Syria, or even in Iraq or in Lebanon before, most of those struggles or conflicts started as political conflicts. People in Syria started calling for their rights, because they did not have any, and later when they picked up arms to defend themselves, that is when the regional powers had the ability basically to influence the agendas of locals along the lines of sectarian discourse. They all picked their own allies and said, “Okay, we will fund you”, the Qataris and the Turks as well. On the other side, the Iranians also picked their own ally and said, “If they fight us, we will fight them back”. They both started using sectarian discourse. Local groups also started using that at a later stage.

What I am trying to say here is that the motives of these two groups are different, which is why you have a bit of both. When you address the root causes of the problems in Syria, in Iraq and even in other countries in the region, you
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will be able to differentiate the local groups who have legitimate demands from the sectarian war that has been going on for ages among the regional powers.

To highlight why this is not a sectarian conflict, whether we are talking about Sunnis or Shias, people within the same sect are also fighting each other, using religion and different religious pretexts to justify their actions. They say, for example, that they want an Islamic state or to be ruled by Islam. They all agree on the same issues, but none the less they fight each other. You can see this in Syria among the Sunni groups, in Iraq among Shia groups, and in other places. That is why this is not merely a religious struggle; it is a power struggle. When we can differentiate between these two different agendas and then start work on distancing them, I think we will be able to address the root causes of the problem, which will help to bring to an end to this sectarian war and to the independence of local actors against regional activists.

The Chairman: Thank you. That is very clear.

Q124 Lord Reid of Cardowan: My question is addressed in the first instance to Mr Hayder al-Khoei. In one of your papers—incidentally, I find your writings very illuminating, especially as regards the complexity, contradictions and dangers in what you call sectarian entrepreneurship—you point out that over the past few years the policy of the United States has ended up apparently supporting forces against jihadism in Iraq, and, whether it intends it or not, supporting the forces of jihadism in Syria.

You also make the point, which has been made by several witnesses, that we cannot win this just with bombs and that there has to be the narrative of stabilisation and resources have to put in afterwards. You say in one of your papers, “Some European member states recognise the importance and urgency of committing to a stabilisation effort. Others are still too complacent”. Where would you place the United Kingdom on that spectrum, given that it is still a member of the European Union, and how might that be affected if the United Kingdom plays outside the European Union?

Hayder al-Khoei: Thank you for the question. First, I should explain what I meant when I mentioned fighting jihadists in Iraq but supporting jihadists in Syria. The situation in Syria is actually much more complicated because you have departments within the US Administration, particularly under Obama, supporting different sides in the Syrian conflict which are fighting each other. You have Pentagon-backed Kurdish forces using American anti-tank missiles to destroy armoured vehicles that had been given to Sunni rebels by the CIA. At times it has been so confusing that it seemed as though the US was at war with itself and that there was no internal consensus on what we should do.

Lord Reid of Cardowan: Perhaps I may make one comment on that. This is not only a recent thing. The dispute between handling by the state department and the Pentagon in the United States goes right back to 2003, particularly on this question of post-conflict stabilisation.

Hayder al-Khoei: Absolutely. I am currently doing doctoral research on this at the University of Exeter, and my PhD thesis will address the issue. I have not reached a conclusion yet, but the divisions in America were almost along sectarian lines. Back in 2003 you had the neocons supporting the Shia opposition forces in Iraq, and the Arabists in the State Department and the CIA very openly
supporting Sunni forces in Iraq. That is just an initial conclusion, which I plan to study.

On the role of the UK, I think it is already clear to everyone here today that the United Kingdom gives almost unconditional support to its Arab allies in the Gulf who, to put it mildly, have not been very helpful in combatting the various radical forces over the long term. Yes, Saudi Arabia does not tolerate such forces inside the kingdom of Saudi Arabia itself, but it is openly backing, funding and arming radical Islamic jihadists outside the Saudi kingdom. We have had leaked diplomatic cables that reveal even US frustration with this. One that particularly comes to mind was written by Secretary of State Hillary Clinton, who described Saudi Arabia as the number one global financial hub for Islamic terrorist groups worldwide. This should be of great concern to British policymakers, but when the Government are pushed on it—and they have been, particularly by journalists here in the UK—their response is that aside from the economic interests through trade deals and the supply of weapons, there is a clear economic interest on the part of the UK to have the Saudis buying weapons. Besides that, the Government say that Saudi Arabia passes on very good intelligence that saves British lives. To be frank, I find this laughable, because while it may be true that Saudi Arabia provides good intelligence to the British security services, it is also using petrodollars to export a violent and radical interpretation of Islam across the world. It has spent billions, particularly since the 1970s, in schools not only in the region but here in the UK. We have evidence of textbooks used in Saudi schools that show where on the arm you need to cut if someone steals as a first offence. These are our allies and their books are even being used in schools here in the UK. These are official textbooks, and of course that does not include what is being taught in their mosques.

When I talk about complacency, I would say that the UK in particular is one of the most complacent countries, and I do not believe that it is doing enough to push the Saudis by saying that enough is enough. The Germans, for example, are now making it clear that this is intolerable and that they cannot tolerate the Saudis using German money to export such a radical interpretation of Islam. I believe that the UK should be doing much more to tell the Saudis the same. I understand the difficulties of saying that in public, but privately the UK should be saying, “Enough is enough. We cannot take any more of this”.

The Chairman: Mr Haid, do you agree that we have the wrong sort of allies?

Haid Haid: In the end, you have to deal with what you have, right? You do not have that many options. Looking at the approach of the various different allies in the region, I think that more pressure should be put on the different groups not only to comply with international principles and allow their communities and other communities in the region to claim their entitlement to the same rights as everyone else, but to stop financing groups for power struggle purposes.

I will just comment on whether the UK has any influence and whether the role the UK is playing is contributing to stabilisation and security or whether it is basically going in the wrong direction. At least when it comes to Syria, I think the UK has been playing a good role, first, by employing local actors and organisations that have been providing governance in various different rebel-held areas. The British are trying to empower these local actors in order that they can provide sufficient services to stabilise their areas and encourage resistance
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against extremist groups that are trying to exploit people’s needs in order to have greater influence over them and then recruit them. In that sense, the UK has been playing an important role.

At the same time, the UK is not doing enough. While it is fair to say that the UK cannot do this alone, it has mainly to co-operate with its allies, whether they are in the EU or elsewhere. That is because we have many actors who share the same goals and agendas. You have to create a powerful alliance among the groups so that everyone works together to reach a specific goal that all can agree on. This is not the case right now. Different countries are trying to achieve different goals even when they agree on the goals they want to reach. They are not establishing institutions and they are not trying to bring people together—here I am talking about local actors in the region. What they do in the main is try to influence them, but that is basically about distancing those actors from each other. What has been done is a step in the right direction, but it is not enough. The model which the UK is using for Syria should be changed in order that it can work as part of a bigger alliance with clear strategies that can be achieved not only in Syria but across the region. That alone will make it possible to set things moving in the right direction.

Q125 Lord Purvis of Tweed: I want to follow up on what Mr Haid said earlier, which I thought was really interesting: that there is also a very major consideration of the disputes within, rather than between, the religious communities. Is there a straightforward way of understanding why, for example, al-Sistani might have a different view from Khamenei, or that within Shi’ism there is a different view about the theocratic state, so that Iran can be governed in one way within Shi’ism and in Iraq there is a different view?

Why, within Salafism, is there a difference in view between those who believe in violent revolution and those who believe in peaceful governance? Is it straightforward to understand or not? What I am trying to get at is whether this is more relevant for us to understand, for the future uncertainty or stability of the region, or whether it is more relevant for us to understand the difference between Sunni and Shia. Which is the most relevant for future uncertainty? Perhaps an even more complicated question is what role the UK can play in this. There will have to be a huge element of reconciliation and perhaps transitional justice. Can the UK bring anything to the table in that respect?

Hayder al-Khoei: I agree very much with Haid’s comments. It is the intra-sectarian dynamics that are much more important and that say much more about the region than the very easy-to-say thing, which is that it is a Shia versus Sunni power struggle. I would not say it is easy to understand the intra-sectarian dynamics, particularly within the Shia world, but it is not impossible. Very broadly speaking, for over 100 years now there has been an intellectual struggle over what Shia Islam means, and the role that religious clerics can or even should play in politics.

So, yes, the Shia world is divided intellectually along the line of whether you believe in the revolutionary interpretation of Shia Islam, which Ayatollah Khomeini first put into practice in 1979 and which is currently led by Ayatollah Khamenei; or the apolitical, I would say much more traditional, orthodox—mainstream version of Shia Islam, which says that at a very basic level religion is pure, politics is dirty, and we cannot mix the two. Actually, the majority of the
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Shia world—I would even include Iran itself—believes in the apolitical, orthodox, mainstream interpretation of Shia Islam that says, “Leave politics to the politicians. We take spiritual guidance from our clerics”.

However, Iran is a state; it has state resources, an army and a propaganda machine. Sometimes it seems, when you look at the region, that Iran’s interpretation is the dominant one in the Shia world, but whether in Iran, Iraq, Pakistan, even Bahrain, across the GCC\(^\text{13}\) it is the Najaf-Sistani school that is dominant. In some ways, they are a silent majority. They do not have the military capability of the Iranians’ Islamic Revolutionary Guard Corps, or the vast oil wealth, so it sometimes seems disproportionate.

Again, because we are talking about Syria and Iraq, when the Iranian security and military establishment was mobilising Iraqis to fight in Syria, they said, “Look, there is a war going on in Syria. If you don’t fight them there they are going to come in Iraq”, and eventually they did come to Iraq. When the Iranians were clearly mobilising Iraqis and using emotional religious and sectarian discourse to say, “We have to fight for our community in Syria”, it was Ayatollah Sistani in Iraq who discouraged Iraqis from going to Syria. So there are clear policy clashes. It is not just an intellectual debate; it had an impact on Iraq. Actually, I was in the room when a tribal leader—this was in Najaf in the south of Iraq—came asking permission from one of the grand ayatollahs to send his son to Syria. The grand ayatollah said, “No. We have a problem in Iraq, we deal with the jihadists in Iraq. Syria is not our fight”.

Q126 Lord Grocott: I picked up on one comment that you made in your broad sweep of the history of the region. I think you said that there is greater violence when outside parties are involved. What does that mean for British foreign policy? That is obviously one of the main focuses of our inquiry. You said that the British influence is minimal, particularly in Syria. You mentioned the United States arming both sides in certain conflicts. Would the region be better off if the “great powers” left it to the region to sort things out? If not, what are you actually recommending British policy should be?

Hayder al-Khoei: That is a very tough question to answer: whether it would be better or worse if they leave. Again, I agree with Haid that the UK cannot do this alone: no one country can do this alone. It really needs an international campaign to address not just the military side of things and the violence but the ideological legacy that this conflict and previous conflicts have had on previous generations. I am much more worried about the next generation. We see young six, seven and eight year-old kids shooting, executing, cutting throats. What monsters will they grow up to be? The next generation of jihadist fighters will make some wish we had ISIS in the way people today are saying, “If only we had al-Qaeda. They were a bit less extreme”.

On that note, and on the practical way the UK can help—I think it is helping, but I am arguing that it can do much more—there is now a US-led effort to address the crisis of education that we have and some of the violent and hateful texts that are being taught in schools, not just in Saudi Arabia but from the US to Malaysia and Indonesia, which are seen as models of Islam and democracy. We have big problems coming with the next generation of children, not just through the official education system but through training in the Islamic traditional

\(^\text{13}\) Gulf Cooperation Council
seminaries. Through the Global Counterterrorism Forum the State Department is leading an effort, alongside ISESCO and the Organisation of Islamic Cooperation, to go through text books one by one, and the educational curricula across the region, to pick out not just the dangerous parts of this education but the parts that make it very easy for ISIS, al-Qaeda and other extremist groups to push people over the edge. If you grow up in these schools being told 24/7 that your fellow Shia Muslims are infidels, that the Jews should be killed and that the Christians are pigs, and this is how you punish this crime, if you grow up through this education—which is sponsored by Governments; it is not secret education—when ISIS says, “You believe this. Now put it into practice”, it is not a big leap to jump. That is why we are seeing thousands of young people being recruited; they are being almost trained very quietly behind the scenes.

Again I want to stress that the UK is part of this formula; it is working with the State Department. But I think it should go beyond saying, “Here are our recommendations. These are the books we think are unacceptable”. I am not saying that any western power can or even should be the arbiter of what good Islam or bad Islam is; that is not the role of the UK or the US, and in fact this will backfire. Muslims in the region will say, “This is British Islam, this is American Islam”, and it will empower the more radical elements. I am saying that instead of this, the UK and the US should be doing more to work with local partners—religious establishments, mosques, clerics, foundations, civil society organisations—to promote a more tolerant and plural interpretation of Islam. You are not reinventing the wheel, this existed 100 years ago, but it is being undermined by some of our allies, and we can empower the more pluralist and tolerant interpretations of Islam.

The Chairman: Lord Jopling has a question, and then I want to move on to some of the more specific issues.

Q127 Lord Jopling: You have majored on the activities of Saudi Arabia in encouraging jihadism, but with oil prices being what they are, the Saudis are deeply concerned about their budget. At the moment there is a good deal of retrenchment going on in Saudi Arabia. Egypt, for instance, is shivering because it is worried that there will be much less Saudi assistance coming its way. Do you think that the Saudi activities in encouraging jihadism are ring-fenced, or could their budgetary problems encourage them not to be so active in the mischief that you have been describing to us?

Hayder al-Khoei: In some respects the genie was let out of the bottle when the original money and support was given to these groups. I am not suggesting in any way that Saudi Arabia or any other country in the region controls ISIS or al-Qaeda. Many of these groups are now self-sufficient and are receiving private money from wealthy donors in these countries. So even if restrictions are put on official government spending, many of the groups will survive because of their private donors. So we are not talking only about official government sponsorship and I see no signs of that abating.

I have mentioned Saudi Arabia many times in our exchanges, but it is not only Saudi Arabia. Qatar has played a particularly nefarious role, and again I am not talking only of the Qatari Government but about wealthy donors in the country. Kuwait is also extremely problematic. These countries have been named by the

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Treasury Department in the US as allies who are not doing enough to combat the supply of these funds. The answer they usually give when the Americans push them on it is, “Well, it’s not my ministry funding these groups, it is those wealthy donors”. But in these very authoritarian, centralised states, which are almost police states, it is very hard to believe that people are spending hundreds of millions without at least some form of government oversight or control. That beggars belief.

The Chairman: Dr Haid, do you have any comments to make?

Haid: I do. We have to differentiate between the policies implemented by Saudi Arabia in the past and the one that is currently being implemented. Let me make this clear by focusing on Syria. Saudi Arabia is one of the few regional countries that not only supported Islamist groups but tried to support other groups. Qatar and other countries such as Turkey supported Islamist groups. The Saudis tried to move in a different direction, because by that point they knew that the challenge they were facing was not limited to those who were resident inside Saudi Arabia but included Saudis living outside the country and who at some point would go back. That, I think, is why there has been a shift in the way they deal with the jihadi groups in Syria. That has certainly been clear.

What they did not do sufficiently—here I agree with Hayder—was control those wealthy Saudis who have been privately funding various different groups. The Saudis are also not putting enough pressure on other Gulf countries such as Qatar and private citizens in Kuwait who are doing the same thing. In that sense, they could definitely do more.

I want to comment on what was said earlier about two of the main issues. The first is whether we have to spend time understanding the differences between the different Sunni and Shia groups. I think that would be a waste of time, because those groups will always find differences if they want to focus on them. That is not the main problem. The main problem is that there is a power struggle; they want to gain power. That is why they always use different pretexts in order to justify what is happening.

Right now in Syria there is an al-Qaeda affiliated group called Jabhat Fateh al-Sham, which is fighting other Sunni rebel groups. They share the same religion and agree on almost everything when it comes to religious principles, but that is not enough to stop them fighting. They are fighting the regime right now and they are also fighting against those Sunni groups. This explains how the main problem is not a religious one; it is about the power struggle. This is why I said earlier that we need to differentiate between the different agendas and motives of the various groups. That will help us to differentiate between these people.

The other issue is that of not dealing with the root causes of the problem. It is also about empowering groups and encouraging a sectarian discourse. People who have taken up arms and joined ISIS and other groups in Syria and Iraq can see that those groups have been marginalised for years. They do not feel that they can participate in ruling themselves in a new way. They have no rights. For years now they have been exposed to these grievances and have been forced to deal with them. This is why when other groups try to exploit that, it will be easy for them to do so. What we can do is deal with the causes of the problems, because that is more efficient and saves time. What we are doing, why we are doing it, and what we are doing it for will become clearer. When we start
addressing these issues from that perspective, the outcome will be more successful.

Turning to what else the UK could be doing, it could do a lot inside Syria. Let us start by protecting civilians. This is an area that no one is discussing right now, particularly with regard to putting enough pressure on the actors to respect facilities such as hospitals, schools and markets, all of which have been systematically targeted for years now, and not only by the Syrian regime or some of the rebel groups but by the Russians themselves. We are talking about groups that have signed various different treaties that state clearly that such attacks are not acceptable, and we have done nothing to stop them. We always say that it is complicated and that we have two options: either we do nothing, which is what we are doing right now, or we go to war against Russia and everyone else.

We have a range of different options, but they are not being explored. The international community and the different western countries have access to enough intelligence to start building cases against the perpetrators when, say, a hospital is targeted. Until now we have had no information about who has been targeting hospitals, and there is a willingness to continue ignoring what has been happening in Syria. This is dangerous not only because it contributes to the conflict but because it makes people to think that they are isolated from everyone else and no one cares about them. When you foster that kind of feeling, it is easy for groups like ISIS and others to come in and recruit new members, and we then have to deal with the consequences. Protecting civilians should be a priority and that is where we should start. The UK can mobilise their alliances in order to do that.

Q128 Lord Grocott: My question is about the Kurdish aspirations for nationalism in the area. There is bound to be a potential conflict between recognising nationalist aspirations on the one hand and being concerned about upsetting state boundaries in this or any other region on the other. I would like your thoughts on this. How can we strike a balance when we consider the region in terms of backing state Governments on the one hand and recognising nationalist aspirations on the other? I suppose that is a subset of my broader question, which is whether it is, in any case, any of our business. I always find it slightly odd that we have these kinds of discussions. If a country in the Middle East was now advising Britain on whether it should have regional government or not, or on the extent of Scottish independence, I would tend to say, “Mind your own business”. Those are the two questions.

Hayder al-Khoei: On the issue of balance, I do not think that one has been struck, particularly when it comes to Iraq – and I’ll let Haid deal with Syria. We should note that the Kurds are not one monolithic bloc, whether in the region itself or in individual countries where they have significant populations. It is strange to many observers that the West supports its NATO ally Turkey in its war against the Kurds in that country, because they are separatists and we consider them to be terrorists, yet the Kurds in Syria, and therefore on the other side of the border but from the same party and with the same ideology, are suddenly vital allies in the war against ISIS. The West funds them, and the United States even embeds Special Forces to fight alongside them. So they are terrorists on one side of the border and freedom fighters on the other. It is even stranger
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when you consider that a NATO ally, Turkey, is shelling those Kurdish forces from across the border, so there is a lot of confusion.

My cautionary message to the British Government would be this: at least understand how your policy is perceived in Iraq, because it appears that the UK—and not just the UK but the US along with many other European member states—is supporting one man and one party in Kurdistan at the expense of other Kurdish politicians and political parties. It seems as if the de facto President of the Kurdistan region, President Masoud Barzani, has been given a blank cheque by the western states. His mandate expired 16 months ago and there is a deep political crisis over his legitimacy and a broader representation in Kurdistan, which I do not think is being addressed.

I have just returned from a visit to Iraq during which I visited the Kurdish central and southern regions of the country. There is great fear among the other Kurdish parties that the KDP,15 Barzani’s party and the one that receives unconditional support from the UK and the US, is stockpiling weapons that are being supplied to fight against ISIS. There is also a perception that they are being saved up and stockpiled for a rainy day; that is, for future conflicts with fellow Kurds. We should also remember that the KDP, which controls Kurdistan or at least the security elements, has physically prevented the Speaker of the Parliament from attending or even entering Irbil, the regional capital. The Kurdish Parliament has not convened in more than a year, which is a great shame.

More broadly, again there is a contradiction, because the Kurds in Iraq are federalists. They want as much power as they can get from Baghdad, but within Kurdistan they are hardcore, diehard centralists. All the power is concentrated quite literally in one man, one family and one party. I do not think that the UK has struck a balance there. In fact, I am fearful of the UK’s unconditional support, alongside the unconditional support being provided by the US. They are taking sides in an internal dispute that one day may become vicious and bloody again. If that happens and they are seen so publicly to be backing just one man, the western nations will not be regarded as credible players or even as being able to mediate.

Lord Grocott: Is it better if we say nothing? Is that what you are saying?

Hayder al-Khoei: No, I am not saying that you should withdraw entirely. In fact, western engagement with Iraq is better than a lack of engagement, but when the countries of the West do engage, they should be more fair and equal. That is all I am saying.

The Chairman: Dr Haid, do you have an additional point to make specifically about the Kurds?

Haid Haid: I agree totally with what Hayder has said, in particular that we have to understand the differences between the Kurdish groups themselves, not only in Syria and Iraq but right across the region. There are differences among them and we should not assume that they agree on all the specific issues.

The other thing to do is to admit that the policy which the US in particular has been implementing in Syria and Iraq has not been successful. The Americans have been sending mixed signals to the different parties and co-operating with different enemies, thereby ignoring the elephant in the room: they are ignoring

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the problems among the Kurdish forces and the Kurdish-Turkish forces. They have been saying that for now they should focus on only one goal, which is that of fighting ISIS, but that ought not to be the case, because one problem cannot be separated out from the rest. In order to reach any kind of deal and to address the Kurdish issue, you have to consider the broader issues of the conflict. One of those is that people have to understand that the Kurds who have been oppressed in Syria for years are not the only group that has been oppressed in that country. Any kind of solution to the Kurdish issue should be part of a broader strategy that addresses the main conflict in Syria, because one sub-conflict cannot be resolved without sorting out the main one.

Another issue is that we have to begin mediating between the different groups. That means both Kurdish and Arab groups, because the tensions arising in Syria between Arabs and Kurds are very great as a result of the incorrect policies that have been implemented, such as sending arms to and supporting one group over another. That does not address the issue of getting people together and saying, “Okay, there are differences between you. Let us discuss them and come to an agreement on how to coexist”.

The third issue, which is quite important, is the ability to reach a deal that can be accepted by the rest of the players, not only the regional players but the local ones. If we want to address the Kurdish issue in Syria we have to do so through democratic means because the rest of the Syrian people have to be able to accept it and deal with it, otherwise we will just be creating secondary conflicts in the country. That is why any strategy should be comprehensive and address all the interlinked issues. No one single specific problem can be solved without resolving the other issues around it.

I want to respond briefly to the question of whether the UK should intervene. The UK and broader western engagement not only in the Middle East but in other countries should be essential, but there is a difference between engaging to intervene in internal politics and interventions to protect rights and values. I think that we should highlight this and focus more on protecting rights and principles. People have rights and we should protect them.

**The Chairman:** Lord Reid, I know that you want to speak, but we are falling badly behind. Members should come in during the next phase.

Q129 **Lord Jopling:** Perhaps we could now move along and pick your brains on the rather gentler aspects of internal developments in these countries. We have noted that in Iraq in particular the Prime Minister has been moving towards a policy of decentralisation and devolving power to provincial governors. Can you give us your views on that process, and do you regard it as a positive step?

Enlarging the question to cover Syria, we have received evidence about how important it is to empower local actors who can influence more accountable and effective local governance. Perhaps you would comment also on that. Finally, following up on what Lord Grocott has said, is there any way in which the UK Government can encourage that, or not, or would it be better if we minded our own business? Is there a role for us to be helpful in this area?

**Hayder al-Khoei:** I will be as brief as I can and take the questions together. I think that the process of decentralisation is a very positive step for Iraq. We are lucky in a sense because the current Prime Minister, Mr Haider al-Abadi,
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recognises decentralisation as a mechanism for strengthening the country by empowering local people. This is in stark contrast to former Prime Minister Nouri al-Maliki, who viewed decentralisation as a hidden plot or agenda to divide and carve up the country. So that is a positive move.

In 2015, Abadi shrunk the Cabinet by a third. He abolished some ministries and gave their powers to local provincial governments, and he merged four ministries together. But the Government faces a big problem and it is one that the Prime Minister cannot solve on his own, which is the institutional legacy of centralisation. This is something Iraq has inherited from the Baath regime under Saddam Hussein, where everything had to go through the central Government and even a local school teacher in Basra in the south had to be appointed in Baghdad. It is a ridiculous scale of centralisation. So the Prime Minister is going in the right direction but at a very slow pace, and he faces many hurdles, one of which is public perception, by the way.

In Iraq, if the international community are to do anything—again, this is a word of caution to the UK and the US—yes, we should empower locals, we should strengthen this process of decentralisation, but everything should go through the central Government. I know it can be frustrating and very slow, but the Government in Iraq are on very thin ice, because unfortunately one of the most widely believed theories—of every 10 Iraqis I speak to, nine believe this—is that the West wants to divide our country as a means to weaken it and exert control on it. The Government are dealing with this public perception, so please continue to empower locals but do it through the central Government and be aware of the sensitivities, because it could endanger other British interests if it seen by locals as a western attempt—I will not mention names—to empower certain leaders and bypass the central Government. This will backfire spectacularly. It will fuel further conflict and not solve it.

The Chairman: Dr Haid, decentralisation or break-up?

Haid Haid: Definitely. I think the UK has been doing a lot when it comes to empowering local governance initiatives and bodies in northern Syria and that is important for two main reasons. One is that empowering those groups and governance bodies will contribute to implementing whatever political solution is reached in the future, because when you reach a political decision or settlement on a national level, you will need local partners who will be willing and able to implement it on the local level. Empowering local actors will contribute to that and will help in that sense, but what is also important is that empowering local governance bodies will help to resist terrorist groups and radicalisation, because when you provide people with a sense of ownership over their communities and provide them with essential services, they will not look for those services elsewhere and will not be abused by other groups and enticed to join them in order to be entitled to such services.

Mainly, when it comes to Syria, the UK, along with other western countries, should focus on making sure that whatever political solution the Syrians or the international community agree on in Syria should be fair, just and accepted by all groups. Otherwise, whatever settlement ends the conflict now will create another conflict in the future. We should also focus on making sure that accountability is a major part of whatever solution is reached for Syria. Otherwise, we will see warlords enjoying the peace phase at a later stage and that will create more grievances and more tension, which will create another conflict in the future.
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**The Chairman:** Lord Reid, does your question fit in here?

Q130 **Lord Reid of Cardowan:** It is a very brief question of fact about the Kurds and the alarming description given by Mr al-Khoei. Is this merely a matter of a power struggle inside the KRG\(^{16}\) between Barzani and Talabani, or is it a much wider struggle?

**Hayder al-Khoei:** It is both. There is clearly a political party struggle, but actually, when you talk to Kurds across the spectrum, both in Irbil and in Sulaymaniyah, in Talabani-controlled and in Barzani-controlled territory in Kurdistan, there is a deep crisis over legitimacy. People are suffering, they have not been paid salaries—Peshmerga soldiers are not being paid—and at the same time people see two families amassing great wealth through oil, which technically should belong to all Iraqis. I do not want to single out Kurdistan here, because the central Government face very similar problems when it comes to corruption and the public’s perception of corruption.

I mentioned Kurdistan because they billed themselves as the other Iraq, as somehow detached from the rest of the country, but actually they are suffering from the same deep-rooted corruption challenges that the rest of the country faces. Actually, in answer to an earlier question, this is one area where the UK can do more. It can give Iraq not just money that will go down a black hole and line the pockets of politicians but know-how and technical support to address the issue of corruption, because corruption affects every other issue we have talked about today. That is one way in which the UK and others can be more helpful.

Q131 **Baroness Coussins:** Going back to what you were saying about decentralisation, it might go further than decentralisation of course. We have heard that there are some discussions going on in Syria and Iraq, and in Libya and Yemen, about the possible unravelling of the unitary state itself. What is your assessment of that conversation? In relation to the UK, given that we have little, if any, influence, what should our policy response to that be, should it occur?

**Hayder al-Khoei:** Again, I will leave Syria to Haid, but I think the unravelling or carving up of Iraq will open Pandora’s Box and will in no way solve our problems. Iraq was never divided neatly along ethno-sectarian lines. Once you carve up the country along ethno-sectarian lines, because some think it will solve the problem, what you will actually end up with is a race to the bottom in each individual canton over who is more Sunni, who is more Shia, who is more Kurdish. The borders of Iraq were largely, although not entirely, drawn up in the 20th century and could be imposed by empires. Now—allow me to be frank—it is not going to be white men in suits meeting in London and Paris drawing lines on a piece of paper and imposing them; it is going to be young, angry armed men on the ground who will impose, change or redraw those lines with their blood. So it is going to be messy and it will have a knock-on effect on Iraq’s neighbours, including Syria, of course.

**Haid Haid:** I think when it comes to Syria it is even easier to address this issue, because dividing Syria, as a solution, is one of the main misconceptions that I have mainly encountered when I meet western experts and Governments. Of the different parties in Syria—I am talking about opposition, about Kurdish groups, about regional groups—none has said, “We want a divided Syria”. They all agree

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\(^{16}\) Kurdistan Regional Government
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that they want a united Syria. So the discussion when it comes to dividing Syria is not coming from inside Syria. People think that because those groups are fighting each other, if we give each one a piece of the cake, that will be a solution and they will stop fighting each other. This is not something that people inside Syria are discussing.

The UK should be clear, in that sense, what should be done. The problem will be how to ensure that whatever political settlement is reached at a later stage will be the right kind of regime that will satisfy everyone. Here, we are talking about different formats for decentralisation. People agree to a certain extent that there should be decentralisation, but they disagree on the format. Having this Syrian-Syrian discussion over what kind of decentralisation format they can agree on should be explored and discussed further.

The Chairman: We will talk about the UK and the Americans. Lord Wood.

Q132 Lord Wood of Anfield: There has been a lot of talk about President Trump’s pledge to eliminate radical Islam from the earth, but underneath that, what is your sense of where American policy will go under Trump, with respect not just to Iraq and Syria and the Governments there and to conflicts but to the long-term alliance perception of groups on the ground? We are also interested in Iran. Below the blustering protestation against the deal, do you have any sense yet of the expectations about American policy in those three countries?

Hayder al-Khoei: I do not, and I think you would need to be a very brave analyst to predict what the Trump Administration will do. We know very little about what they want to do. In fact, a colleague who has just returned from Washington says that no one there has a clue. If no one in Washington has a clue, London will be even more in the dark.

Lord Wood of Anfield: Do you think the Trump team has a clue?

Hayder al-Khoei: I do not know, but I do not think they do. Going on the little the Trump team has said about Iraq, Syria and Iran, again we are left with mixed messages. Trump himself said both during the campaign and as President that he would take Iraq’s oil, which is deeply disturbing given that there are almost 6,000 US troops on Iraqi soil at the moment. I think that such rhetoric from Trump is not only reckless but will endanger the lives of those US personnel in Iraq and only further complicate the war against ISIS, which Trump has vowed to destroy. We have a unique situation in Iraq, which is certainly not the case in Syria, where Iraq is both an ally of the US and of Iran. There is no consensus on what we call the US-Iranian relationship. Is it co-operation, is it de-confliction, or is it a tacit alliance? Whatever it is, something is there and that will go out of the window if Trump tries to do this.

I will turn to senior members of the Trump team. The National Security Adviser, Michael Flynn, is an interesting case, because when he ran the Defense Intelligence Agency he was the same man who was telling the Obama Administration, despite all the rhetoric about the US supporting “moderate” rebels in Syria, that it is actually the jihadists and the Salafists who are gaining ground. On the flip side, you have the Defense Secretary who thinks that Iran is “the single most enduring threat to stability and peace” in the Middle East. Again, if such rhetoric is transformed into policy, that will have a very negative impact on Iraq.
Mr Hayder al-Khoei, Research Director for Shia Studies in London; Visiting Fellow, European Council of Foreign Relations (QQ 122-133)

Again, I cannot predict what is going to happen, because the situation in Syria is the reverse. Trump sees utility in working more closely with the Russians, and of course Iran is a very strong partner of Russia in Syria. Once more the choice of Secretary of State is interesting, given how close Rex Tillerson has been to Putin through the business deals he made as the CEO of ExxonMobil. To put it in a nutshell, I think we will end up with an even more confusing and contradictory policy from the US.

The Chairman: Dr Haid, what is your take on President Trump?

Haid Haid: It is similar to what Hayder has said. So far, and for many reasons, the position is confusing for everyone. Among them is that, first, the campaign promises on Syria and the region were built on misconceptions. One reason is that the Russians and the Syrian regime are the ones who are fighting ISIS, which is not the case. It is clear that the regime and the Russians are mainly fighting other opposition groups rather than ISIS. The second reason is the idea that ending support for rebel groups will help to eliminate ISIS and al-Nusra/al-Qaeda. That is difficult to envisage, because those groups are fighting the two elements. If you eliminate them, you will empower the radical groups even more.

There are also contradictory objectives. As Hayder mentioned, at least during the campaign Trump promised to weaken Iran, but at the same time he said that he will improve relations with Russia. That is quite difficult to imagine, especially in the context of Syria, because these two allies are fighting on the same side there. How can you weaken one and empower the other while they are co-operating within Syria?

The other conflicting issue is that Trump wants to continue support for Kurdish groups fighting ISIS while at the same time improving relations with Turkey. These enemies are fighting each other, so how is that going to be done? The bottom line is that if the Trump Administration begin to fulfil these promises, we will be dealing with a policy that is even more destructive not only for Syria but for the whole region. The consequences of such a policy will not be limited to the region. What we have been witnessing over the past few years is that what happens in the Middle East does not stay in the Middle East; it has an impact everywhere else around the world. The attacks in Europe were planned by people who either came from or were in the Middle East. That is why we have to be very careful and at least try to influence policies that will put peace on the right track; otherwise, we are doomed.

The Chairman: The media have been saying this morning that the Trump Administration wants to concentrate on Egypt and Israel, in particular the latter, and almost as an aside to wipe Daesh off the face of the earth. How do you think these things fit together? I see that you are both shaking your heads in bewilderment.

Haid Haid: When it comes to the Israeli-Palestinian conflict, the position is even more complicated. President Trump has said that while he wants to find a solution, at the same time he wants to move the American embassy from Tel Aviv to Jerusalem. If that is the case, how can you even start a political process when you are changing the dynamics on the ground in order to influence whatever outcomes might be reached? We have just been discussing what might happen in Syria and Iraq, but the consequences will not be limited to those two countries because the policy is being built on misconceptions and contradictory
Mr Hayder al-Khoei, Research Director for Shia Studies in London; Visiting Fellow, European Council of Foreign Relations (QQ 122-133)

objectives. As long as we do not deal with these two issues, the consequences will be huge, not only in the Middle East but elsewhere.

The Chairman: I think we had better let the fog close over American policy for a moment. Lord Purvis has the final question.

Q133 Lord Purvis of Tweed: When you work it out, if you could let us know, that would be greatly appreciated.

Clearly, there are military operations against Daesh in Iraq and separate processes in Syria, but should the UK be opening more dialogue with some of the marginalised groups that either have been sympathetic or have been excluded? What should the UK’s relationship be with the Muslim Brotherhood, in the context of our earlier discussion?

Hayder al-Khoei: I think there is some practical benefit in talking to groups that, whether we like it or not, have influence on power in the region; of course, with the exception of ISIS and al-Qaeda and other Salafi jihadist groups, which recognise no authority or law other than their own and, indeed, consider everyone else to be an infidel—and that goes for each other. We have a very strange situation where Salafi jihadists are cutting each other’s heads off, in the case of ISIS and al-Qaeda, over who really is true to the Salafi ideology.

The Muslim Brotherhood—I realise that this is a very contentious issue in domestic UK politics and in the region—is not just a key player in Egypt but it has a strong influence in Syria and Iraq, whether through political parties or their military wings. I think the UK should engage with the Muslim Brotherhood despite having strong allies that would protest against talking to it. At the same time, we should recognise the destructive role the Muslim Brotherhood has played in Iraq, Syria and Egypt in fuelling conflict. We saw clearly in its brief rule in Egypt how exclusionary its vision of democracy was, and how it gave a platform to other very radical Islamic groups to preach and be active.

In Iraq I would just say that it is worth noting how the Muslim Brotherhood initially hedged its bets by being both part of the political process but also by arming and funding jihadist groups. This infuriated al-Qaeda: we even have letters, which the US has declassified and published, from Zarqawi telling bin Laden, “They are very cunning, because if the political process succeeds they are part of it, and now they control the presidency of the parliament, and yet if the jihad succeeds and the Iraqi Government is toppled then the Muslim Brotherhood can legitimately say, well, we are part of you and we share in your victory”. So, yes, engage, but also recognise the very destructive role it is playing not just in Iraq and Syria but across the region.

Haid Haid: I think that when we talk about different Islamist group we have to be more careful—we cannot just give a generic answer. It depends first on what we mean by Islamist groups. Do we consider Hezbollah in Lebanon as an armed religious group or as a political actor? It is important to define that before we start discussing how to deal with it. It is the same in Syria and in other place. When you talk about Ahrar al-Sham, Jaysh al-Islam and others, these are influential players on the ground. Do we accept that we should deal with them, or do we consider them to be Salafi jihadist groups that we should not deal with or contact?

The other issue is that it depends on what the endgame is, what are the objectives behind it? Are we discussing with Islamist groups in Syria, for
Mr Hayder al-Khoei, Research Director for Shia Studies in London; Visiting Fellow, European Council of Foreign Relations (QQ 122-133)

example, in order to guarantee that those groups will not attack civilians? Are we discussing with them to allow aid in to certain areas? Are we discussing the release of hostages or what are we discussing with them?

When it comes to political movements, especially Islamist political movements, we cannot ignore them. What is happening in Egypt right now, just fighting those groups and pushing them underground, is not the right choice. These are political actors with political agendas; you have to engage and discuss with them, otherwise you turn them from a peaceful political actor into an armed one, and contributing to that will only make the situation worse.

In principal, I think we should engage with different actors on a case-by-case basis depending on the objectives that we want to reach with them. That also depends on what kind of agreement we can reach with them. If you engage with them but do not reach an agreement that is fruitful and acceptable, you can just say, “This does not work”, but to push peaceful political parties to become armed ones is the wrong decision. We saw it in Syria and in Egypt before and we are seeing it again now. Engagement is the right decision, I would say; taking the right consideration.

**The Chairman:** On that note of realism, we must draw things to a close. We have pounded you with questions for an hour and a half and you have been very generous in your replies, and you have reminded us about the staggering complexity of all the conflicting issues in the whole region and the staggering complexity of the policies of the outside powers. I thank both of you very much on behalf of the Committee for being so explanatory and helpful with your comments.
The Challenge: The Future Direction of the State in the Middle East

1. The state is the fundamental governing unit of the international system. The strength of the state, its legitimacy, is based on its ability to meet the aspirations of its people and its international obligations, although often strength is wrongly attributed to security measures alone. The strength of the international system is based on the health of states, taken collectively. The precarious future of the state of the state in the Middle East presents the largest challenge to international order in the region. It is worth noting, that the state is not simply about centralised power in the capital city. Citizens encounter the government at all levels – the village or town, district, city, regional and national level. Thus, getting governance right at each level is crucial. The future direction of states in the Middle East will be the largest determinant of stability and prosperity in the region and in the international order, based on the rule of law and dignity of citizens.

2. The International Relations Committee of the House of Lords rightly identifies some of the factors that have led to the weakening of – or the failure to establish a functioning social compact in the Middle East. In many places, the promise of the so-called ‘Arab Spring’ has gone unfulfilled, while many of the challenges at hand pre-date the uprisings of 2011. Increased opportunities for greater political voice and participation have not materialised. Economic progress has stalled and economies dependent on commodity prices have not been diversified to the level required. Unemployment remains high and many people risk becoming permanently unemployable due to lack of employment experience and skills. Demographic shifts, including massive numbers of youth and growing urban areas, only serve as accelerants to the discontent and disillusionment. As questions of legitimacy arise, the calls from some actors for decentralisation or secession arise. Any while in some cases, there may be logic for greater administrative and fiscal decentralisation, the idea that decentralisation is a panacea is false. Rather, it can lead to the fragmentation of problems, especially those of corruption and lack of competence. A devolution of power should be related to which government function must be carried out each level.

3. Citizens’ aspirations have changed, with implications for the social contract with the state. Governments across the region have responded differently. Some have made attempts to reform, while others have maintained the status quo, and still others have become more repressive or have even turned on their populations. But without meaningful responses by states to re-envision and alter the social compact to meet citizens’ aspiration in the 21st century, people will turn against the state to vent their frustration and anger, resulting in violence and instability. The United Kingdom can play a significant role in helping to shape the future direction of the Middle East.
through an integrated approach, incorporating diplomatic, development, security, civic and economic efforts.

**Recognition of Influence and Role**

4. At this critical moment in both the histories of the United Kingdom and the countries of the Middle East and North Africa, there is a need to recognize the role the UK has played and can play in the region. Furthermore, there needs to be an appreciation of the influence the UK wields particularly in West Asia, while being humble in recognizing some of the troubling historical issues that remain significant to this day.

5. With what is perceived by many in the region as an American political disengagement from the Middle East, coupled with uncertainty on future US policies, and a resurgent Russia, there is ever more need for the UK to play an active role there. The UK is uniquely placed to develop its policies towards the region at a time of change where consistent allies are in need. This will require a firm commitment, with policies rooted in longevity and clarity, in spite of domestic political considerations that may push for shorter time frames. Sustained policies when it comes to investing in stability, formulating longer term relationships with key actors and maintaining focused attention are all necessary. The British government and diplomatic service should aim to work with other partners, both countries and key institutions, such as the UN and Bretton Woods organisations, to solidify long term partnerships. Britain’s Royal Family has historic relations with ruling families of several countries and this source of trust is important during changing times. Furthermore, influence can be wielded through soft power, by enabling well-established and recognized entities such as the BBC and British Council.

**Clarifying the United Kingdom’s Strategic Interests**

6. The United Kingdom needs to lay out its strategic interests in the Middle East and North Africa and communicate them effectively both domestically and abroad. The United Kingdom’s long term interests would be to have a stable and prosperous region. The UK’s strategic interests should be based on a positive vision for states in the Middle East that are responsive to citizens’ needs, expectations, and aspirations and that are stable, have inclusive institutions, and are prosperous. These are shared strategic interests with the states in the region themselves. The UK should communicate this positive vision and its strategic interests to both domestic and international audiences to give clarity and reassurance and to build support for its resulting policies and approaches.

7. The UK’s strategic interests should not solely be based on countering or combatting the symptoms of state weakness, such as terrorism or violent extremism, rather they should be based on addressing the root causes – in large measure, the break down in or inadequacy of the social contract. An undue focus on countering violent extremism or terrorism risks limiting policy options to a narrow prism. One case in point is that of Syria– ISIS control of key territories in Raqqa and Deir Ezzour resulted from years of political and security failures. And while the UK is not responsible for these developments, policies must be developed to avoid the pernicious effects
of state failure. The UK must partner with countries in the region to tackle root causes of security challenges. As the United Kingdom advances its economic and political interests in the Middle East and North Africa, renewed ‘smart diplomacy’ and political influence is vital.

**A fair and sustainable approach**

8. Protracted conflicts, long periods of unemployment, rising numbers of refugees and protracted cases of displacement are some of the key challenges to a stable and prosperous Middle East and North Africa. Crisis management cannot continue, rather solid resolutions are needed – region wide and country specific efforts, investments in socio-economic development. It is undeniable that the primary responsibility falls with the leaders of these countries – however, approaches to influence them are needed. Sophisticated programs of partnerships should be utilised. Short term crisis resolutions are key but at the same time, the root causes cannot be resolved without a long term strategic approach. The states of the Middle East and North Africa are sophisticated middle income countries for the most part – without the usual aid needs of lower-income countries except for Yemen and Somalia – but look for support and partnerships in difficult transitions.

9. Institutional reforms will need a multi-year and possibly multi-decade time span; the UK should prepare for a prolonged effort in this regard. Influencing people’s mindsets, reinstating faith in civil liberties, and rebuilding state institutions require a long time. Supporting domestic efforts and public discourses on these issues are necessary. A reform path can only work if the countries at hand are leading – the UK can facilitate by creating incentives.

**Region-wide approach with country-specific nuance**

10. There should be a two-pronged approach to UK policy in the Middle East and North Africa – a region-wide approach especially for Arab-majority countries, and country-specific policies that consider nuances in individual countries. Furthermore, city level governance and reforms are increasingly appealing and best practices from city-level governance in the UK can provide useful case studies. In addition, non-state actors must be considered but any relations with them should be complimentary to bilateral relations with the state, rather than undermining state structures. The United Kingdom has traditionally had sophisticated relations with various stakeholders in the region; the investment in such relations depends on resources for the Foreign and Commonwealth Office, British Council, overseas postings and exchange programs. Furthermore, there are rich associational ties to be built upon, in addition to a strong Middle Eastern diaspora in the UK, to be considered. Personal relations are key, including student exchanges and strengthening the Chevening alumni program. Economic ties also are crucial, including the role of the UK in Islamic Banking, chambers of commerce and Middle Eastern investments and relations with the City of London.

**Past and Present Political Considerations**
**Legacy of the Iraq War**

11. Undoubtedly, the Iraq war of 2003 has cast a long shadow over international affairs and continues to have deadly repercussions for the Iraqi people. With the publication of the Chilcot Report last summer and the public debate around it, there needs to be a clear move forward. Iraq continues to exist as a sovereign country and 13 years after the war has created a different set of circumstances domestically. Iraq-UK relations are historical, going beyond the developments of the last 13 years, and provide an opening to broader regional relations. The UK’s historical relationship with Iraq, and continued influence there, gives it a unique position to positively influence the country. Lessons of what worked and what failed in Iraq should be learnt but should not dictate broader Middle East policy. Iraq’s government today faces a challenge but also an opportunity to prove that it is capable of governing all its people—despite the aspirations of extremists, militias, separatists and corrupt organised crime.

**The Aftermath of the Revolts of 2011**

12. The impact of the Arab revolts of 2011, especially in Libya, Syria, Yemen and Egypt, continues to develop. While Tunisia is touted as a ‘success story’, it is facing serious economic and security challenges. The UK has not traditionally played a large part in Tunisia, but supporting it at this time would be vital to secure the one country whose transition is going relatively well. The main challenges are economic and that of confidence in longer-term stability; here the UK can have a significant positive role. As for Libya, Syria and Yemen, these transitions are still violent, and need effective crisis management and resolution, in order to allow the region to stabilize. Egypt, while not in a current state of conflict, may stumble with its economic woes. Furthermore, a security approach not considering civic rights and liberties, may cause more harm to Cairo in the long run. The UK must maintain its position to respect internal politics and dynamics, but call for reforms and civic liberties in Egypt and beyond. Furthermore, the ongoing occupation of Palestine, even if not dominating the headlines, needs to be resolved with the UK playing a central role as one of the international guarantors for any potential deal.

**Impact of the Iran Deal on UK relations in the MENA region**

13. The Iran deal marked a significant development in the region, and was important in avoiding another war. However, by negotiating only on the nuclear deal without taking into account Iran’s activities in Iraq, Syria and other parts of the region, Tehran has become emboldened and has taken a more assertive, at times militant, position in the region. The long-term impact of the deal on UK-Gulf relations is that of an erosion of trust in the UK and its negotiating partners, as Gulf countries, especially Saudi Arabia, Bahrain and the UAE, question the repercussions of the deal. It will take more than statements of ‘a commitment to the security of the Gulf’ to restore that trust. The Royal Navy Base in Bahrain marks a return of a permanent British military presence in the Arab world for the first time in four decades. Along this development must come a commitment to expand political and economic relations.
14. The perception in the Gulf is that of being abandoned, with a widely-expressed frustration that the Iran deal took priority over other relations in the region. This perception (or reality) of abandonment has led to instability, requiring the UK to provide commitment and reassurance. More than words are needed: regular contacts, senior official visits, investments, and possibly discussing areas of free trade deal with some countries.

15. Developments in Syria, Iraq and Yemen have led to an unprecedented Iranian presence in the Arab world. Sectarian politics in the region should not become the prism through which to see the region, rather there is a need to be clear-eyed about the political implications of Arab-Iranian tensions in the region.

Conclusion

16. While the UK should tackle specific political realities, and respond to very urgent issues emerging in the region, it must re-focus its efforts on supporting a longer-term perspective throughout the region that will produce stronger, more accountable states that work in the interests of their people. This will be an endeavour not without difficulties or setbacks, but one that will ultimately serve the UK’s strategic interests as well as citizens’ interests from the region and support regional and international peace, stability, and prosperity. The United Kingdom’s distinct political system and uncodified constitution sets it as a prime partner to help countries in the region to merge tradition and advancement, and to navigate transitions in governance. Economic well-being of citizens, and trade and investment that leads to expanding the economy and opportunity for citizens can be an invaluable starting point and a basis for partnership to foster hope and build stronger partnerships throughout the region.

Submitted 18 November 2016
Watch the meeting

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

Evidence Session No. 20 Heard in Public Questions 218 - 226

Witness

I: Dr Jon B Alterman, Director, Middle East Program, Center for Strategic and International Studies.

Q218 The Chairman: Good afternoon, Dr Alterman. Thank you very much for being with us. I advise Committee members to look at the camera so that Dr Alterman can see them, otherwise the camera will just see the tops of their heads. I remind everyone that this is a public session. A transcript will be made available and you are free to alter it in any way you wish. That is all the formal details. I have one apology from Lady Helic, who is unable to be with us.

If we may turn to the subject matter, you may or may not be aware that this Committee is seeking in an ambitious way to evaluate and examine the vast changes in what is loosely called the Middle East, which of course includes many regions and countries; to understand the vast transformations of power and the undercurrents that have torn large parts of the Middle East apart; and to analyse what you call the “wrenching disruptions” in the region. Central to all this is where the United States is going and what its policy is. Can you begin by giving us one or two insights into how US policy is evolving, who is in charge, what its direction is likely to be and who is influencing the shape of its Middle East policy? Frankly, we are getting some very confused signals. Over to you.

Jon B Alterman: Thank you, Lord Chairman. I am aware of your inquiry. I congratulate you on the spectacular array of witnesses you have arranged. I have read much of the testimony and am gratified to see that I have so many friends among your witnesses. I like to think that you have chosen your witnesses well, and I have chosen my friends well.

You ask who is making policy in the new Administration. There are several different groups, and it is not clear how they all interact. There is obviously the National Security Council staff, often thought of as the principal White House staff on foreign policy. The Middle East leadership was all chosen under General Flynn. They are all colonels from US military intelligence. I know several of them. My experience with military intelligence people is that they tend to like yes/no answers. General McMaster, the new head of the National Security Council,
comes from a military background, but a background in the armoured corps that is very much inclined towards working with allies. The other important thing to note about this group is that they all come with significant Iraq experience, which makes them somewhat more sceptical of the Iranians and the potential for US-Iranian co-operation down the line, given what Iran did, overtly and covertly, to American troops fighting in Iraq.

There is also the Strategic Initiatives Group, which seems to be made up of about 20 people, including Steve Bannon and Jared Kushner. As far as we can tell, Steve Bannon and Jared Kushner have very different views towards the world. Steve Bannon is an economic nationalist and Jared Kushner has often been described as the person who moderates the President. He reportedly has the lead on Arab-Israeli issues. I heard from a reporter that when the Deputy Crown Prince of Saudi Arabia met the President for lunch yesterday, that had been arranged by Jared Kushner. I note that nobody from the State Department was there; it was an entirely White House lunch, which is a bit of a break in protocol.

We also have the State Department and the Defense Department. Here, the issue is that they are spectacularly understaffed. The normal level of management that transmits between the Cabinet Secretaries and the bureaucracy is completely missing. They have not even identified people for most of these roles. It seems to me that that significantly weakens the departments because it is very hard for the Cabinet Secretaries to get the kind of support that they need to weigh in effectively.

It is also unclear what the process is to bring different views in government together. Quite frankly, the White House is not really interested in establishing a process up front. There are always going to be tensions between the White House and the Cabinet departments, even within the White House, but these tensions are larger than they have been at other times. Not surprisingly, of course, the strategy remains unclear. That is not only because of our somewhat mercurial President but also what seems to be a desire of this Administration to avoid creating the kind of processes that forge a strategy. I am afraid that if you are puzzled now, the puzzlement is likely to continue for some time into the future.

Q219  The Chairman: I feared you might say that. Is it too early to make a preliminary judgment on whether there is a new direction in United States policy in the region or a pivot away from the region altogether? Is talk of vast increases in American military expenditure and the might of America going unchallenged aimed at crushing rebellious forces in the Middle East such as Daesh? Are allowances going to be made for any new alliances that might be formed? Can we draw any conclusions?

Jon B Alterman: No, some things are very clear. First, this Administration are much more sceptical of Iran than the previous Administration, for which improving relations with Iran was at the core of the entire strategy towards the region. This President is much more focused on elevating counterterrorism as a military task. He is very critical of the way the Obama Administration approached that. How they will actually work it, I do not think they know, but their instinct is to be much more aggressive militarily.

They are clearly much more sympathetic to the current Government of Israel than the Obama Administration were. That is not about being sympathetic
towards Israel but being sympathetic towards a certain understanding of Israel's place in the world that is articulated both by the Prime Minister and people to the right of the Prime Minister. Israeli Prime Ministers have always reliably kept their right wing in line by saying, "This would offend the Americans too much to do". One interesting implication might be that we are losing that guard-rail, which might result in Israeli policy moving right as US policy moves right. That could have consequences for the region.

Lord Jopling: You talked about the lack of appointments at the middle level in so many departments. That is one of the big differences from our system here. If we have an election on a Thursday, virtually all the political appointments will be in their departments on Monday morning. In the past, I have always been astonished that it takes maybe up to June until all the political appointments are in place in Washington. My question is: is the current situation unusual, given the length of time it has always taken in the past?

Jon B Alterman: It is extraordinarily unusual. There is not even a leading candidate to be Deputy Secretary of State, let alone Under-Secretary of State for Political Affairs. The Secretary of Defense just withdrew his candidate to be Under-Secretary of Defense for Policy. These are not even the Assistant Secretary-level jobs. There is sort of a cascade.

One of the important things to keep in mind, and why the situation is very different from what we have had before and from the British system, is that this is an insurgent Republican group that is hostile to the kinds of Republicans who held positions in previous Republican Administrations. Several letters went out in the spring that senior people signed off on to say that Donald Trump is not fit to be Commander-in-Chief. Those people have been excluded from consideration in many cases of any government job in this administration. That takes a lot of the veterans of Republican government out of contention.

Of the people in the Strategic Initiatives Group that I described, virtually none of them has any executive branch experience at all, and yet they are at the centre of trying to make the US Government work. It is unclear the extent to which this is by design—that people who do not know how to make the Government work do not want other people who do, because that would take away some of their influence—or due to a lack of understanding that for the Government to work the bureaucracy needs to be staffed.

I hear from my friends in embassies overseas that it is very hard: nobody can direct them because they do not know what the policy is. The juices are not flowing in the departments and it is hard for them to understand how they can even be helpful. Most of my friends who are diplomats generally want to be helpful to whoever the President is. But if you do not know what the President thinks, you cannot be helpful. We have a lot of that going on. I agree with you that June is usually when everything is up and running, but I think that this is going to last well beyond June.

The Chairman: This revolution in policy postures and the resulting divisive effects on parties is not unknown here. We too have not quite existential but very challenging developments in Europe and around Britain’s relations with the rest of Europe. These are genuinely uncertain times across the whole world, particularly, as you so rightly said, in the Middle East itself with these “wrenching disruptions”, to repeat your phrase. How do you see this all affecting the trans-Atlantic pattern? Lord Hannay has some questions on this.
Q220 Lord Hannay of Chiswick: I wonder whether we can look at two rather salient examples of foreign policy areas: what the President-elect and now President stated as his policy towards Iran and what is, perhaps with a certain amount of irony, called the Middle East peace process, and Israel and Palestine. First, to what extent can the main European countries—Britain, France, Germany, Italy and others, which have always taken a very supportive line on the Iran nuclear agreement and upheld the two-state solution to the Palestine issue—influence the new Administration? Do they have any influence at all? If so, how would this best be deployed in—judging by your statement—the weeks and months ahead?

Jon B Alterman: Lord Hannay, I am reluctant to advise people on how to deal with my own Government. I think that may end up with them putting me in jail. Let me say this. The President was critical of the nuclear deal. I have spoken to scholars, diplomats, experts and all kinds of people, not just in the Levant and in the Gulf, but also in Israel. They say that you may not like the agreement, but the agreement is better than having nothing. While people in the United States were talking about ripping up the agreement on day one, the zeal for that seems to have gone away. The question is: how do you hold the Iranians to the agreement and deal with all the other objectionable things they are doing in addition to the agreement, rather than ripping it up? In my judgment, the Administration will reluctantly uphold the agreement, with or without encouragement from Europe.

The issue of Israel and Palestine and Europe is harder. I am not sure the President is a true believer on this issue. I think he is surrounded by people who believe that US policy has been deeply misguided and biased against Israel. In many ways, the most important address to affect US policy in Israel may be the way in which the Europeans deal with Israelis. Israelis often come to me to complain that Europe is unfairly biased against Israel and that all the rising countries in the world have good relations with Israel, including India, China and elsewhere. Of course, they have deepened their relations with Russia. In many ways the Israelis have written off Europe. The answer is not just about addressing the US Administration, which will be sceptical of European approaches because they are European. Part of the answer might be to change Israeli perceptions of European intentions.

The other key point is that this Administration are not really interested in notions of Europe; certainly the White House seems distrustful of notions of NATO. They have a strong preference for bilateral relations. Most of this will much more effectively be done through a bilateral discussion rather than a multilateral discussion, with the understanding that the disadvantage of a bilateral discussion is that the US is an 800-pound gorilla—or a 400-kilogram gorilla—and it is not an equal discussion. But that is their strong preference. Going through a European context would not really be helpful.

Lord Hannay of Chiswick: What you have to say is interesting and I can see the distinction you are making between the Europeans as a group or gaggle turning up in Washington and telling the President they think his policies are wrong. But that is not the way diplomacy actually works, because there are very few collective discussions between the President of the United States and the 28 members of the European Union, and there are a very large number of bilateral dealings.
Can you give us some idea of what this animus against Europe and the European Union consists of? Is it rational? If it is not rational, is it ideological? What is it all about? Do the members of the incoming Administration have absolutely no idea what the European Union has contributed over the past 40 or 50 years to stability and the strength of NATO?

**Jon B Alterman:** I am reluctant to sound partisan, but I think the answer is “Yes, they have absolutely no idea.” I have been surprised that the President has not understood the importance of NATO. I am also surprised that the President seems not to think that war could break out in Europe again at any point or under any circumstances. But then the President also says: what is the point in having nuclear weapons if you do not use them? There are a lot of things that I find surprising.

The President likes being disruptive and tearing apart what he sees as conventional notions. He likes the idea that he has complete freedom of action and can use that as a way to improve his negotiating posture. I have not seen a lot of signs that he is very interested in investing in institutions that do not bear immediate fruit. This is a departure from the way the US has thought about European security and indeed global security since the 1940s and 1950s.

How much that will be mitigated by his advisers and which advisers will be able to hold sway, nobody knows, including the advisers. There was a story in the newspapers today saying that General McMaster tried to move a 30-year-old aide working on the NSC staff who was working on intelligence in a way that the CIA thought was not constructive. General McMaster was told no, and the aide is going to stay. So there is all this speculation about how much influence General McMaster has over even his own personnel and what that means for the way the NSC works. The fact is that we do not know whether General Mattis or General McMaster are able to weigh in strongly.

I would expect that Secretary Tillerson is not much focused on Europe because that was not his work experience. But I think that for the overwhelmingly military senior leadership the President has brought in, the importance of cooperating with Europe and of our extraordinarily deep co-operation with the UK has been a fundamental experience. I expect he will be getting advice that he should think differently, but how he will think is a mystery to all of us.

**Lord Grocott:** You referred to the fact that the President may not be a great believer in Israel’s position in the way that a lot the people around him are. We all saw the press conference at which he referred to the two-state solution, which can be interpreted in so many different ways. There has been near universal settled opinion for many years that two states is the objective to solve the insoluble problem. Yet so many of the witnesses to our inquiry have said that we have either reached the stage at which that is very difficult, because of the settlement activity, or gone beyond the point at which it is feasible. Do you have any observations on whether, if not the President, the people around the President have an objection to continuing settlement activity and the feasibility of a two-state solution? If there is not to be a two-state solution, what is it?

**Jon B Alterman:** I suspect that the objective will be a process rather than a solution. Any solution will take decades to implement. There is plenty of room to negotiate what constitutes a settlement. The Israelis talk about all of Jerusalem being a unified capital and there are certainly negotiations that can be held on
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that, partly because the municipal boundaries of Jerusalem have changed so profoundly. The Israelis talk about the need to have natural growth in settlement blocks that would be part of land swaps. To me, the issue is whether there is something that looks like progress towards a settlement, and we can characterise it however we characterise it, or whether the two sides look warily at each other and continue to try to undermine each other and commit violence.

The issue is not so much what the end-state is going to be, although it is important to understand that there need to be some objectives. The real issue is: does there seem to be a forward-moving process? I would argue that there is not a forward-moving process. Like a bicycle, if you are not moving forward you are falling down. The important thing is not the exact shape of what we are going to but that Palestinians feel that something is happening that can lead to them accomplishing some of their needs; and that Israelis feel there is some prospect of becoming a more normal state with a more normal set of security concerns, instead of the existential security concerns that Israelis feel. Creating that process creates its own virtuous cycles. The problem is that we do not have that process.

A number of Israelis have looked into what has happened in the past six years in the Arab world. They have said there is no certainty, and that now is not the time to make a deal because they have no idea if the Government are going to be around, and that the last thing they want is greater democratisation in the Arab world because the public hates them even more than the Governments do. In many ways the Israelis are leaning away. The Palestinians are tremendously conflicted with their own internal issues, including corruption in the Palestinian Authority and the tensions between Gaza and the West Bank. It seems to me that neither feel the interest or bandwidth to engage in diplomacy. But engaging in diplomacy and giving some sense of forward movement is important. It is possible that the Administration could get some of that going. One concern I have is that the Administration, by telegraphing so much support for the right wing in Israel, could drive the right wing even further to the right. That would make it harder for centrists in Israel, of which I would say Benjamin Netanyahu is one, to make compromises.

The Chairman: Let us switch to the other area of poison: Daesh. Lord Inglewood has some questions.

Q221 Lord Inglewood: Thank you, Dr Alterman. In your opening remarks you vividly described the difficulties in trying to identify exactly what the new President’s policies might be. Certainly it has been stated quite frequently that he plans to take strong action against ISIL. Since the elections advisers have stated that the US is going to increase air strikes against ISIL in both Iraq and Syria. At the same time it has also been suggested that he is open to co-operation with the Russians and Syrians to forge a deal over Syria. On these two issues can you make it a bit clearer what you think the position might be?

Jon B Alterman: Air strikes against ISIS are easy because they are observable, measureable and do not require other people to do anything. But they do not necessarily affect the situation on the ground, although I would argue that ISIS is having profound challenges both in Mosul and Raqqa. In many ways, if ISIS is isolated in Mosul and Raqqa, it is easier to fight than a totally underground organisation that is carrying out terrorist acts in Syria and Iraq and potentially throughout the Middle East, Europe, the United States and elsewhere. So having
a focus on a land battle where you can see and isolate ISIS is not necessarily the worst situation to be in.

One of the challenges the US has is that it is trying to accomplish political goals through air power. In my reading of history, it is very hard to accomplish political goals through air power: it is a little bit too far and a little bit too indirect. General McMaster, as an Army guy, has been critical of that as well. How this all plays out in the policy discussions, I do not know.

On the Russia issue, the President has expressed an interest in working more closely with the Russians. However, that has run aground because of the practicalities for the US military folks on the ground. The people in the US military do not see Russia as a partner, because they have been dealing with Russian actions against both the United States and others and because of the way that the Russians conduct themselves on the battlefield in Syria. What the Russians consider appropriate targeting and what the US considers appropriate targeting are miles and miles apart. There are civilian casualties. The Russians use dumb bombs and the US use smart bombs. The US is much more interested in precision targeting. Many US missions come back with the bombs still on the planes because they were not able to get a sighting on target. Russians do not come back with bombs on the planes; they will bomb anything in the neighbourhood. There are also intelligence obstacles to close co-operation.

I saw a report this week that said that only 20% of Russian bombs in Syria are directly against ISIS. That gives you the sense that the Russians have a different goal in Syria than defeating ISIS, which is the US goal. My instinct is that we can talk a little about US-Russian co-operation but the practical military co-operation is not going to be there.

There is another piece to this, and I think that Lord Hannay is attuned to it: that there will be some sort of negotiation at the end of this. I think the Russians would like the Americans to be there, if only for a fig-leaf. One of the things that worries me is that the Americans will be there but will be weak because the US has not been impactful on the ground in order to get itself into a strong negotiating position.

In January, a former US Secretary of Defense told a group I was in, “We have been on the back bench for so long, it is hard to see how we can get a seat at the table.” To my mind, one of the things that has been missing in US strategy in Syria is the goal to get an influential position so that, when this is resolved, you can help direct the resolution in a way you think is constructive. I am afraid that although the Russians will invite the Americans in, it will be a decision that principally meets Russian and Turkish needs and does not necessarily reflect a US perspective or sense of what a solution should look like.

**Lord Inglewood**: Do you think that the present Administration will have identified this and will therefore positively be trying to assert themselves and elbow their way up to the top table?

**Jon B Alterman**: My instinct is that they do not want to invest in Syria.

**The Chairman**: And yet you said that the idea of striking against Daesh is a reasonably simply concept. Let us switch to Mosul for a moment. Look at what is happening there. American special units are having to work with Iranian special Revolutionary Guard units. The Peshmerga are coming in from the other side, and there are dozens of nations with units in there. The British have troops in
Mosul and all sorts of places in the Middle East. So on the ground, there is no general position or strategy. There is just an extraordinary effort, in this case to get Daesh out of Mosul, which is turning out to be a pretty horrific and bloody business.

**Jon B Alterman:** My understanding is that the Iraqis are leading the strategy, with a range of fighting groups with different strategies and different approaches. This is led by the host nation. We do not have that in Syria, of course, because the US will not work with the Syrians. However, the US is very eager to work with the Iraqis. I was in Iraqi Kurdistan last week. It is my understanding that the Iraqi leadership and US support for the Iraqis is working quite well. The Iraqis can also deconflict with the Popular Mobilization Units and the others to try to get this taken care of. As you say, it is incredibly bloody and incredibly slow. The Iraqis will not talk about the number of casualties they have taken but it is probably in the thousands.

The other question is once you get this all done and you have a destroyed city on your hands, how do you prevent the terrorists coming back in? How do you create enough services? How do you create a sense that people are protected? After all, it is the sense of absence of opportunity and absence of protection that opens the door for these groups to come in in the first place.

**Q222 Baroness Coussins:** Good afternoon. I wanted to press you a bit more on Russia. Russia has clearly carved out a role for itself in this region, although it is not very clear exactly what its objective are. As you said, only 20% of Russian bombs have been directed to ISIS. You talked about what the US’s overall strategic aim might be but what do you think Russia wants out of it? What are its long-term ambitions in the region? I think you were a bit dismissive of the idea, but are there any possibilities for a tactical alliance between Russia and the US?

**Jon B Alterman:** I was in Moscow late last month for the Valdai Middle East conference, which gathered around 120 people, about half of whom were Russian, to talk about Middle East issues. I was surprised that the Russians seemed less cocky than I expected them to be. There is a lot of commotion in Washington about how the Russians are on the march in the Middle East. I found them to be principally worried about stability and order and their ability to promote that. They see that the only path to do that is through strong Governments and strong intelligence services. They are happy to sell weapons, which of course they manufacture, to help promote that. They are also quietly delighted that although they have put limited investment in Syria, less than 5,000 troops and a couple of dozen airplanes, they have become the deciders of the course of the conflict. For a Russia that is very concerned about its military might—its carrier, the “Admiral Kuznetsov”, is not a sign of glory for Russia—it has been quite effective. Russia likes the fact that it has been able to get a sense of respect and demonstrate its influence without a huge investment.

I also think Russia does not know how to manage the end-game; it is not confident in that and feels that it will need help. From what I understand, everything it does in the Middle East is discretionary rather than strategic. It is not like Ukraine or the Baltic states at all. This is far away. If it enhances, that is great; if it creates markets, that is great. But it is not core to Russian national security.
My sense of how the Russians operate is that they are eager to make any friends they can rather than thinking through a strategy of what friends they need. They are looking for countries such as Egypt that otherwise feel isolated and are trying to develop relationships. However, I think they are taking from what is offered rather than creating a lot of opportunities.

I could imagine a deconfliction with US troops. Of course, you have to deconflict airspace, and there is some of that going on in Syria. But the practicalities of genuinely co-operating in ground or air operations make it very difficult.

The Chairman: There is some ferment in Washington over Russia, where it seems to be almost an offence to talk to the Russian ambassador. Indeed, we have had a little ferment of that kind in London as well. Do you think it is all a bit overdone?

Jon B Alterman: We have to start from the fact that Russia seems to have engaged in trying to influence US elections. Regardless of whether or not you believe that Russia stole the election, the fact is that Russia seems very clearly to have meddled in US domestic politics to further its own international ambitions. So if that is your starting point, there is sensitivity towards Russia. Certainly talking to the Russian ambassador should not be an offence, but what about co-ordinating with the Russian ambassador about what we will do after we are elected? We have a strong tradition in the United States of having one Government at a time. Making deals with a Government when you are not yet in government is not allowed. Admittedly, thought, there is probably a little bit of hysteria.

The real issue is whether there are parts of the President’s relationship with Russia that are not known or whether there were Russian efforts to influence the United States that have not yet been uncovered. Everybody accepts the results of the election, but everybody has redoubled their efforts to ensure that no foreign Government have influence in our elections. I think most countries would feel that way about their national elections.

Q223 Baroness Smith of Newnham: You have just suggested that Russia has been lapping up the opportunities that it has in the region on an ad hoc basis. Turkey is a member of NATO but also appears to go off in ad hoc directions. This raises questions about the future of NATO. Given that the new President seems also not to have shown a great deal of interest in upholding the rules-based liberal international order, what future do you think there is for an organisation such as NATO? You suggested earlier that there is no sign that Trump would want to invest in institutions that do not deliver quickly. If NATO does not deliver, does it have a future?

Jon B Alterman: You used the phrase “liberal international order”. If you used that in the White House, people would probably giggle. People do not think that there is a liberal international order. The President’s whole point is that there is disorder and the US has been paying too much of the bill and we have to get people to move. I do not think that translates to a US abandonment of NATO. Everybody who has had experience in the US military feels the importance of NATO. When you get to implementation, and when you get out of the White House and into reality, everyone says that NATO gives us a huge set of tools that are vital. My guess is that there will be a rhetorical issue on the one hand, but, practically, the US will work to try to invigorate the militaries of NATO member
states and encourage them to increase their capability and interoperability. I do not think that four years from now we will be presiding over the death of NATO.

You started by talking about Turkey. Just yesterday I had a conversation about how Turkey presents a whole series of difficult and uncomfortable questions about NATO that NATO is going to have to deal with. Turkey is a country that is partly sliding into harsh autocracy but also a country that seems to be cooperating more closely with the Russians than the Americans. I am not sure how that is going to work itself out. The people committed to NATO have to think through how one deals with a naturally more sceptical US Government and a NATO member country that is involved in a conflict in ways that seem to exclude, rather than work with, NATO, and that is becoming less and less like other NATO members. That problem has to be managed, along with the US issues. So it is two issues, not one, and they each make the other one more difficult.

Lord Hannay of Chiswick: I want to follow that up, because I very much sympathise with your reaction to us referring to the rules-based liberal international order. I think there is a slight tendency on this side of the Atlantic not to realise the connotations of the “L” word, which are of course different here. I do not think that many people would have regarded NATO as being part of the rules-based liberal international order in any case. I think we should drop that in our discussions.

Could you tell us whether you think the new Administration really understands that NATO has always operated as a deterrent alliance? It is an alliance that does not go to war because it does not need to go war, and it does not need to go to war because people believe that if they did something that affected a member of NATO, there would be war. Do you think the President understands that?

Jon B Alterman: Frankly, no. The President’s view is that it is possible to strike a deal with Russia that would accommodate each side’s needs, and he wants to explore that deal. NATO was created principally to deter the Soviet Union. The President does not start from that premise. The military people, who in many cases have spent 30 or 40 years looking at Soviet and then Russian behaviour, both against the United States and around the world, have a different view of the possibility of working more closely with the Russians, striking a durable deal and ensuring peace without a strong deterrent. Whether, how and in what circumstances they can convince the President, I do not know. What I have seen consistently from the President is the sense that we can deter people on our own and do not need large, multinational, multilateral institutions to do it.

Lord Jopling: We have heard differing messages from the President over NATO. During the election he was very dismissive of it and more recently we have been told that he is 100% behind it. That is a problem. The message that is familiar from the United States is that the European countries must do more to support NATO. We are in a situation where, after Brexit, the contribution of members of the European Union to NATO will be around 20%. There are rich countries in Europe, such as Belgium and Luxembourg, that pay less than 1% of GDP. Do you envisage that the new Administration will put novel and particular pressures on some of these countries that pay far less than 2% of GDP? Do you see much of a difference from previous Administrations, which may have been making exactly the same point for years and years?

Jon B Alterman: I expect the US will try to exert more pressure and use a threat to diminish its contributions to NATO as a way to elicit those higher
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spending levels. My reading of this President is that he believes that disruption for its own sake improves his bargaining position, and that everything is negotiable and can be traded. He thinks that by demonstrating commitments over the long term, you lock yourself into unfavourable terms. He thinks that he can improve the terms by showing a willingness to bolt. How that manifests itself in policy, I do not know. What of the establishment figures around him, who have had their entire world view shaped by the importance of working with allies and the whole structure of international and multilateral institutions? The US has worked with the UK to construct that for more than half a century. How that will shape or moderate his views, I do not know.

One of the things I find encouraging about where we are, and I am afraid I have sounded not very encouraging for quite some time now, is that the President became a very successful reality television personality because he used to watch his performances and tweak them. The President is interested in improving and being successful. I think he is looking at what happens and wants to learn. This is not a world that he has ever been exposed to in any real way. I think there will be an evolution in the President, and the notion of disruption for disruption’s sake is not necessarily the way we are going to do it for three or four years. But it is where we are starting now, and we have some way to move.

The other issue that we have not discussed is how this President would react in a crisis. It is one thing to talk about how everything is wired and what the President’s predilections are when you are just setting up daily meetings and trying to get through the day. But what if you suddenly go into crisis mode, the Cabinet Secretaries are disconnected from their departments and we are left relying on people who do not know each other, have never been in this situation before and do not know how to reach out? What happens then? To me, that is a very real problem. A number of people have pointed out that most Presidents have a crisis some time in their first year in office. How this Administration will respond to a crisis is a mystery to all of us, including, I believe, this Administration.

**The Chairman:** You are absolutely right. Black swans there will be and black swans will fly.

**Lord Inglewood:** Dr Alterman, earlier in your comments about NATO you used a phrase that I rather liked: get out of the White House and into reality. Was that a baroque, throwaway line, or was it a considered statement of reality as it is in Washington?

**Jon B Alterman:** It was something I have never said before and may never utter again. The reality is that the White House is in quite a bubble. I do not know how the Prime Minister’s offices work, but in the White House people have a badge that can get them into the inner sanctum; they can brush by all the lines of people waiting to be screened and checked in. There are two checks to get into the White House now; at the second they put you under a blower to see if you have any explosives, for example. It is a very elaborate process, and the staff is reminded every day that they are exempt from it. They have tiny offices in proximity to the President, and all the information in the world is available to them. Everybody in the world will take their phone calls, they have three computer screens: one for open source, one for classified and one for highly classified. Everybody is working 18-hour days. There is a White House bubble that is profoundly different from the rest of the world. It is hard for the rest of the world to reach into the bubble, and it is very easy for people in the bubble to
reach anybody else. Often people try very hard in the beginning to reach out, and often that gets harder over time.

I think that this Administration, because they are avowedly disruptive, have so many people who have not been in these positions before, are distanced from the Republican establishment in Washington and are less inclined to reach out. They are less likely to get pressures from what they consider to be the President’s electoral base, because foreign policy issues are not what the electoral base cares about in any detail. So the bubble may be even more bubbly in this White House than in others. It is a very different reality.

I have spoken to a number of diplomats who have met and worked with the senior directors dealing with the Middle East. I have heard that they seem overwhelmed but committed to doing the job well and are not very ideological. But the problem in the White House is that you have all the possible information in the world at your fingertips, so how do you pick and choose and create order? It is easy to get totally overwhelmed by both your inbox and the firehose of information that is available.

**Q224 The Chairman:** I want to ask about the United States and the United Nations. We in the UK take the United Nations very seriously and look to the new Secretary-General to take on new tasks. Obviously we believe that the United Nations can play an important and growing role in trying to resolve some of the problems in the Middle East. What is your take on the White House and the UN? Will there be a change, and will it be for the worse or the better?

**Jon B Alterman:** I have never met Ambassador Haley. She is considered a rising star in American politics and as the ambassador to the UN she has several times contradicted the White House on issues that matter. Whether that will mean that she will have influence or demonstrate that she is out of touch, I do not know. The White House’s orientation is to be sceptical towards the UN, as many Americans are. It seems to me that the UN has a vital role not so much in leading diplomacy but in providing an umbrella for diplomacy so that people can share a stake in resolving issues of conflict and development. I do not think the Administration are going to look to the UN to lead, but they may acquiesce to the UN taking ownership of resolving conflicts. For instance, if the Administration have no interest in resolving the conflict in Yemen, and if the special envoy can make progress I think they would be generally supportive of that. However, I do not think that the Administration will be looking to the UN at all. Again, it counts as one of these multilateral institutions that water down American will and direction.

There is a whole stream of thought—and about 95% of people who hold it probably voted for this President—that the UN is seeking to depose the US Government and subjugate the United States, and it has a swarm black helicopters that will swoop down on unsuspecting Americans and impose its will. There is a certain resonance in the White House for that point of view.

**The Chairman:** I want to ask a deeper question behind that. President Trump has said that he wants to vastly increase, by $54 billion, expenditure on the American military, which is already colossal. Behind that must be some belief that sheer spend on military power can achieve American influence and effectiveness around the world. Everything we have seen in the past few years
seems to contradict that. Do you think that a debate is going on in the White House as to whether more military spending will solve the problems of America?

**Jon B Alterman:** The first question is: how are we spending on the military? There are any number of ways to spend, some of which have the desired effect and many of which do not. Everybody in the military believes that you need civilian support. The problem in the past 15 years of war in the Middle East is not that the military has not had enough, but that it has not had enough civilian support. Civilian organisations and instruments have been so much weaker than the military ones, and those have been let down by their civilian counterparts. I think there will be a lot of lobbying from the military and retired military not to hollow out the civilian side of this. I do not think that multilateral organisations are going to be the recipient of American largesse as we think about security issues in the world, but I can certainly imagine an effort to reinvigorate some of the diplomatic side.

The cautionary and contrary note is a report that the President wanted to cut the State Department budget, including foreign aid, by 37%. That would cut not fat but a tremendous amount of muscle from American diplomacy around the world. I do not think that the Administration are universally convinced of the need for diplomacy. I think they will become convinced of it, but when and how that will happen is a mystery to me. I think the President really believes that he is the best diplomat because he is the best negotiator, and getting a sense for other skillsets and how they can be effective will be an important part of his learning process.

**Lord Hannay of Chiswick:** I have a follow-on question on the United Nations and multilateral organisations. There are large areas of the world where I suspect President Trump, and perhaps other Presidents before him, has not really identified a very obvious narrow national US interest. Africa is a case in point, as are parts of the Middle East. Would you totally discount the possibility that he will come to the view that perhaps it is quite useful to have somebody else to look after those things, particularly an organisation like the United Nations, which has a capability to deploy civilian staff to do the peacemaking, peacekeeping and peacebuilding jobs? Is that hopelessly overoptimistic?

**Jon B Alterman:** I think it is pretty optimistic. There is a strain in his base and among his advisers that is extremely hostile to the UN as an organisation. The fact that John Bolton has been floated for so many positions is a sign they think that is an important part of their consistency to speak to. They might acquiesce on some issues in conflicts that they do not care about, but generally they think that the UN is wasteful and ineffective.

There is a broader point too: how many issues in the rest of the world does the President really does care about? The US has been fairly engaged in a large number of things, and when it engages it is always the largest player. I do not think this President has figured out how much of the world to engage with. His electoral constituency talks about focusing more at home, but I do not think he has thought about what US policy should be. Should the US play a role in peacekeeping in Africa and, if so, what? How should the US think about international trade regimes as opposed to bilateral treaties? There is a whole series of things that he just has not thought about. His instinct is to pull in rather than spread out, and that will have consequences.
Much as people talk about the way the Obama Administration created a vacuum in the Middle East that others, including the Iranians and the Russians, have walked into, it is quite possible, and seems likely, that there will be other situations in which people will say, “Where are the Americans?”, and the Americans will be nowhere to be found.

Baroness Hilton of Eggardon: You talked about the President’s lack of engagement with many parts of the world. One of the consequences of the collapse of order in the Middle East is the growth of positive groups such as the Kurds, the regional government in Iraq and so on. Do you see the US Administration being able to engage with those non-state actors or has that not crossed the President’s mind yet?

Jon B Alterman: There is certainly a willingness to engage with the Kurds, who have a long relationship with the United States. The problem is that there are lots of different Kurdish groups and they tend not to work extraordinarily closely with each other. How the present US government will slice and dice that will depend largely on the advice they get from the military and intelligence folks who are working with them on the ground.

Broader non-state actors are more difficult to foresee. The US is certainly hostile to Daesh/ISIS. Are there other quasi-Islamist groups that might play a useful role here and, if so, how do you deal with them? How do you think about the whole menu of non-state actors in the Middle East and around the world? I do not think the Administration have thought about it. The President’s deep instinct is to work with Governments when you can, but I do not think that the question of how the US would act when there is a Government with whom he had a very cold relationship and a non-state actor with whom we might have a warmer relationship has come up. I do not know how he would respond to that.

Lord Jopling: Can I go back to the Chairman’s question about the proposal to increase military spending? The President has suggested increasing public spending not only on defence but on infrastructure; roads and tunnels and everything else that was in the inaugural speech. He has also talked about cutting taxes. These things do not really add up unless you go back to the Reagan policy of massive borrowing. Of course the United States is already, from a federal and state position, eye-wateringly in debt. Do you think that the economic prospect over the next few years is likely to be a massive increase in the debts of the United State?

Jon B Alterman: My gut reaction is no. I agree that the President has had a lot of experience profiting from both leveraging his activities and declaring bankruptcy, which is not a prospect I look forward to from the US Government. The reality is that the President proposes budgets but Congress is the body that passes spending Bills. They have to originate in the House and are approved by the Senate. The President’s only role is supporting or vetoing. The budget really comes out of Congress. You are already seeing signs of congressional independence. You have seen it in discussions on the healthcare Bill, which the Congressional Budget Office said would take 24 million people off insurance in the next 10 years. You have seen Senator McCain and Senator Graham be increasingly critical of the President in public, giving cover to others. So it seems to me that Congress’s role is large in this space. The President has yet to build credibility with Congress.
In fact, one of the greatest surprises of his first 50 days in office is not merely that he has not lined up people in his Cabinet departments to staff the Government, but that his legislative agenda has been so weakly accomplished. He has created scandals and distractions that have prevented things getting done. Traditionally, in the US concept, upon taking office the President has a 100-day opportunity. The wind is at his back, the press is attentive; he can work with Congress and push things through. This President has not pushed things through, certainly not in the first 50 days. He seems not to have a mind towards legislative accomplishment. If he wants to do anything on the budget, it will require the legislature. He seems not to have figured out how to work with the legislature, which is, after all, led by members of his own party. The Republicans control the House, the Senate and the White House. Despite all those things aligning, the President has not been able to move it forward.

**The Chairman:** We have kept you for a long while, Dr Alterman, and we must let you go. Let us try to end on a more cheerful note. You have written that it would be a mistake to conclude that the Middle East is destined to suffer a bloody decade, despite all the chaos that is going on. You say that the young and creative population that captivated the world in 2011 is still young and creating, and it is finding outlets in Cairo and Casablanca, in Beirut and Dubai. That is a very cheerful statement, although I must say that having travelled in those parts I have not seen all that much of it. Give us an uplift at the end. You have a chaotic situation in Washington, frankly. Our British policy here is trying to reorient in the light of what is coming out of Washington and finding it difficult. We are going through some fundamental changes ourselves here in Europe. I see that the *New York Times* this morning says that the European Union is being hit by a series of existential crises. Tell us how you reached the conclusion that there is going to be a less than bloody decade ahead for the Middle East.

**Jon B Alterman:** It is hard to instantly build governmental capacity. Governments such as that in Egypt have suffered through the fact that they have quite limited governmental capacity. Part of the violence in Syria is a consequence also of limited Syrian governmental capacity. What I see, though, is a whole generation of young Arabs who have grown up interconnected with each other, interested in innovation and possibility and exposed to different ways of doing things. They are walking away from tradition at times while upholding tradition at others. They are thinking about new blends between the old and the new. I think we saw a lot of this in the Egyptian revolution of 2011, which ultimately, on a governmental level, was not able to consolidate change. However, on a private and economic level, there is ferment and more possibilities.

We see people moving throughout the region more easily. People get experience in the Gulf, working either for a consulting firm or a governmental agency, or go to Europe, and then they go home. There is a certain dynamism for people with ambition and a certain sense of possibility that you can forget if you meet only with Ministers. There is, I think, a great sense of possibility among young people, at the same time as there is frustration with governmental incapacity. It seems to me that what is happening more broadly in the world is that the disproportionate influence of government over how things function is diminishing, while the role of non-state actors of all kinds is increasing.
Dr Jon B Alterman, Director, Middle East Program, Center for Strategic and International Studies (QQ 208-226)

There are pockets of fascinating people in Tunis, Casablanca, Cairo and Alexandria who are doing really interesting things, seeing real possibilities and seizing open space that nobody is in and that Governments do not necessarily feel threatened by. More broadly, there is a greater sense of experimentation, largely among the public but partly in governance. Different Governments try different approaches to deal with their challenges. I think that will lead to a lumpier Middle East, that is to say, that the Middle East will be more diverse in the way it is going. The consolidation toward similar attitudes toward politics and economics that we saw in the 1990s and 2000s will diminish. Some of this will work, and then people will try to follow the example of things that work. I would not say that it is a truly rosy view in the Middle East, but it is a more dynamic view with more possible upsides than most people give her credit for having.

The Chairman: Thank you very much for that. We would dearly like to build on that analysis. It would be a change from a lot of the very gloomy evidence that we have had from many witnesses about the whole region. You have been marvellously illuminating. It would be misleading to say that you have provided us with total reassurance and comfort about what is going on in Washington; it still seems very confused. Your contribution has been enormously valuable to the Committee. We have kept you longer than an hour, I am afraid, but thank you very much for being so frank, persuasive and informative.

Jon B Alterman: Thank you, Lord Chairman and members of the Committee.
Americans for Democracy & Human Rights in Bahrain (ADHRB) – Written Evidence (MID007)

Main Question(s) Addressed:
- What do you foresee are the key changes needed, or likely to come anyway, in Western, and especially UK, policy and perceptions towards the region?
- What are the prospects for enhancing human rights throughout the region?

Sub Question(s) Addressed:
- How has UK policy changed following the Arab Spring?
- How can the UK’s soft power reinforce or replace its defence posture?

ADHRB, established in 2002, fosters awareness of and support for democracy and human rights in Bahrain and the Middle East. ADHRB is an accredited non-governmental organization in special consultative status with the United Nations Economic and Social Council (UN-ECOSOC).

Introduction

1. Since the emergence of the pro-democracy movements of the Arab Spring in 2011, United Kingdom (UK) foreign policy has typically prioritized a narrow conception of stability over the promotion of democracy or human rights in the Arabian/Persian Gulf states. The overemphasis on state security - manifest primarily through training and capacity-building programs for state security institutions - has led counter-productively to greater human rights violations and more divided societies in the Gulf. Despite an intensification in government suppression of pro-democracy activists, human rights defenders, and other civil society actors in the Gulf Cooperation Council (GCC) states, the UK has increased its military and security support for these allies without first securing the requisite reforms for such assistance to make a positive impact. Instead, this policy has risked both enhancing the capacity of GCC security forces to suppress civil society, and deepening UK complicity in their abuse. By signaling to GCC leadership that human rights violations will not affect these security arrangements, the UK has empowered them to continue pursuing repressive strategies that threaten the long-term stability of the region.

   UK support for the security forces of Bahrain and Saudi Arabia, in particular, is exemplary of both the pitfalls of this current foreign policy and of a clear opportunity through which to encourage reform. To secure lasting stability in the region, the UK must begin predicing its military, technical, and diplomatic support on demonstrated improvements to the human rights situations in Bahrain, Saudi Arabia, and the other GCC states.

Bahrain
2. Following the Bahraini government’s suppression of the country’s pro-democracy movement in 2011, the UK House of Commons Foreign Affairs Committee (FAC) listed Bahrain as a “country of concern” in each of its yearly human rights reports. However, instead of identifying similar human rights concerns in its own assessment of Bahrain, the Foreign and Commonwealth Office (FCO) has praised the Government of Bahrain for what it labels as encouraging reforms. The UK government has used this evaluation to justify increasing its military and diplomatic support for Bahrain since 2011. On 10 November 2016, the UK opened its new Naval Support Facility (NSF) in Manama – a £30 million base mostly paid for by the Bahraini government.

3. This most recent development builds on the Defense Cooperation Agreement signed by Bahrain and the UK on 11 October 2012, which aimed to solidify military cooperation between the two countries through the provision of training and technical support. Since signing the agreement, the FCO has authorized UK companies to provide technical assistance and training for Bahrain’s security forces and has increased its funding for such programs every year.

4. One of the companies providing training is Northern Ireland Co-operation Overseas Ltd. (NI-CO), which has worked with Bahraini police and prison guards to implement policies to prevent human rights abuses. Most recently, the FCO awarded £900,000 to NI-CO between 2015 and 2016 with the stated intent of supporting UK efforts to promote human rights reforms.

5. Despite these years of training, Bahraini security forces continue to subject activists, political leaders, and average citizens to arbitrary detention, enforced disappearance, torture, and other abuses. At worst, UK training programs have obscured these violations and enabled Bahraini authorities to more effectively suppress non-violent civil society actors.

6. Between 2013 and 2015, ADHRB submitted formal complaints to the United Nations Special Procedures concerning 495 arrests carried out by

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17 "United Kingdom Complicity in Bahrain Human Rights Abuses," Americans for Democracy & Human Rights in Bahrain (ADHRB) and Bahrain Institute for Rights and Democracy (BIRD), 2015.
18 Ibid
Bahraini security forces;\(^25\) in only three of these cases were arrestedees presented with warrants. Of this 495, ADHRB has documented 370 cases of torture, not including over ten cases so far in 2016. While no information was obtained regarding torture for 121 victims, only two of the 495 complaints specifically stated that security forces did not subject them to torture during arrest or detainment – although both reported being subjected to threats of torture and verbal abuse. Common methods of torture include beating, starvation, sexual abuse, and electroshock. Torture and/or deprivation of medical care has led to the deaths of six detainees included in ADHRB’s complaint data, and the permanent injuries of eight others. As yet, the Bahraini government only investigated one of the 493 complaints of torture documented by ADHRB, and the case was dismissed on appeal.

7. The case of Ali al-Tajer, brother of prominent human rights lawyer Mohammed al-Tajer, is representative of the Bahrain government’s systemic failure to prevent torture or hold perpetrators accountable. On 5 November 2015, security forces arrested al-Tajer without a warrant during a raid on his home.\(^26\) The authorities disappeared al-Tajer for twenty-five days, tortured him, denied him proper legal counsel, and forced him to confess to charges of which he maintains his innocence. Mohamed al-Tajer and other members of the al-Tajer family filed complaints concerning his torture to a number of state human rights mechanisms and, although medical examinations indicated he had suffered severe injuries, the prosecutor stated that the forensic doctor had not seen any signs of torture on al-Tajer’s body and rejected the claim. Al-Tajer remains in pre-trial detention, and officials continue to deny Mohamed access to his brother’s interrogation sessions as well as his medical reports.

8. Bahraini authorities have used these tactics to enforce the country’s increasingly draconian counterterror and cybercrime legislation that, together with the penal code, effectively criminalize most forms of free expression, assembly, and association. Among the prominent civil society actors currently imprisoned on such charges include Nabeel Rajab, president of the Bahrain Center for Human Rights (BCHR); Sheikh Ali Salman, Secretary-General of the largest, now-dissolved opposition group, Al-Wefaq; Ghada Jamsheer, prominent woman human rights defender; and Sayed Ahmed al-Mousawi, an award-winning photojournalist. With upwards of 4,000 political prisoners, Bahrain has the highest per capita prison population in the Middle East.

9. The training provided by NI-CO and other UK companies has not prevented the Bahraini government from violating the basic rights of its citizens. Freedom of Information Act requests for Overseas Security and Justice Assistance assessments have frequently been denied, preventing


independent evaluation of the practices and effectiveness of this training.\textsuperscript{27} By continuing to fund this training while limiting transparency, the UK government has allowed for Bahrain to promote the illusion of progress and reform rather than actually undertaking it, all the while it has dismantled nearly all political opposition and free civil society.

10. To begin addressing this crisis, the UK should make security support, including training, contingent on documented human rights reform to be confirmed by an independent assessment. Overseas Security and Justice Assistance assessments should be made public, so as to allow independent actors to assess the benefits of training provided by the UK government and by UK companies. More generally, the UK government should forestall security assistance until the Bahraini government has demonstrated its commitment to improving the human rights situation by releasing prisoners of conscience and holding perpetrators of human rights violations accountable.

**Saudi Arabia**

11. Since the start of the Saudi-led coalition’s intervention in Yemen in March 2015, the UK government has approved export licenses for arms sales to Saudi Arabia totaling £3.3 billion.\textsuperscript{28}

12. Amnesty International and Human Rights Watch have documented sixty-eight airstrikes launched by the Saudi-led coalition in Yemen that allegedly violated international law.\textsuperscript{29} These include attacks on markets, schools, weddings, funerals, hospitals, and a refugee camp.\textsuperscript{30}

13. Reports written by the Foreign Affairs Committee and the Business, Innovation and Skills and International Development Committees suggest that arms sales to Saudi Arabia violate the Consolidated EU and National Arms Export Licensing Criteria.\textsuperscript{31} Both agree that it is highly likely that arms supplied by the UK have been used in “the alleged violations of international humanitarian and human rights law by the coalition.”\textsuperscript{32}

14. Nevertheless, the UK government’s response to these allegations has been to repeat the UN Secretary General’s call for the Saudi-led coalition in Yemen to respect international humanitarian law and to provide guidance to the coalition on how to avoid civilian targets.\textsuperscript{33} Though the Saudi-led coalition has continued to strike civilian targets, the UK has remained

\begin{footnotes}
\item[29] Ibid.
\item[30] Ibid.
\item[32] “The use of UK-manufactured arms in Yemen,” UK House of Commons Foreign Affairs Committee, 2016 pg. 3.
\end{footnotes}
unwavering in its material and diplomatic support for Saudi forces.\textsuperscript{34} Despite a call from the Committee on Arms Export Controls to suspend the UK’s sale of arms to Saudi Arabia, the government has continued to approve arms exports.\textsuperscript{35} Furthermore, the UK government used its influence to weaken a proposal that would have seen the UN Human Rights Council launch an independent inquiry into civilian deaths caused by the Saudi-led coalition’s airstrikes in Yemen.\textsuperscript{36} Instead, Foreign Secretary Boris Johnson has defended the Saudi-led coalition’s Joint Incidents Assessment Team’s report, which clears the coalition of any wrongdoing.\textsuperscript{37}

15. These actions signal to the Government of Saudi Arabia that its relationship with the UK will not be negatively affected if it continues to violate international humanitarian law. Like the UK’s position on Bahrain, this policy will not engender reform, and will fail to curb the destabilizing effects of widespread human rights abuse. The UK government should instead suspend its arms sales to the kingdom until the Saudi government takes documented steps towards improving its military conduct and acknowledging its responsibility for civilian casualties in Yemen. To this end, the UK government should reverse its previous position and call for an independent investigation into the alleged human rights violations committed by Saudi Arabia and its coalition.

Conclusion

16. Ultimately, the UK government’s defense assistance to authoritarian and adventurist security policies in Bahrain and Saudi Arabia undermine its chief strategic interest in the region: stability. In Bahrain, the use of state violence and draconian legislation has prevented the development of free civil society, divided the population, and increasingly closed all avenues for peaceful dissent – exacerbating the risk of conflict. Similar trends are true of the wider Persian/Arabian Gulf, and especially in Saudi Arabia. Furthermore, the Saudi-led intervention in Yemen has undermined the peace process in that country and forestalled the emergence of viable government. More still, UK support for the coalition has likely extended the conflict and deepened UK complicity in a humanitarian catastrophe. Going forward, the UK government must not simply provide security assistance to address its allies’ short-term concerns; it must instead look to leverage its security relationships with the GCC states to encourage the substantial human rights and good governance reforms that will lead to lasting stability in the region.

Submitted 18 November 2016

\textsuperscript{34} “Americans for Democracy & Human Rights in Bahrain Letter to United Kingdom Foreign & Commonwealth Office concerning arms sales to Saudi Arabia,” ADHRB, 2016.
\textsuperscript{35} Ibid.
Professor Ali Ansari, Professor of Iranian History, Director of the Institute for Iranian Studies, University of St Andrews (QQ11 – 19)

Wednesday 26 October 2016

10.30 am

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

Evidence Session No. 2 Heard in Public Questions 11 - 19

Witnesses

I: Dr Renad Mansour, Asfari Fellow, Middle East and North Africa Programme, Chatham House; Professor Ali Ansari, Professor of Iranian History; Director of the Institute for Iranian Studies, University of St Andrews.

Q11  The Chairman: Professor Ansari and Dr Mansour, welcome this morning. Thank you very much for visiting us. As is routine in these matters, I should explain that the discussion and evidence session are in public. A transcript will be available afterwards and you will be able to alter and edit anything that concerns you in it. That is the way we proceed. Again, thank you for being with us.

Our concern, which is the beginning of what we think will be a fairly extensive inquiry, is, in shorthand, the new Middle East, but really the transformations and redistributions of power that are going on in the whole region and the implications for the rest of us in the world, obviously including the United Kingdom, where we are sitting now. This is a broad picture and we have to draw a framework around it, which is quite difficult. When we have done so, we hope that we will be able to illuminate some new scenes and aspects for people to consider.

I will start, Professor Ansari, with a specific question to you, but please, Dr Mansour, do not hesitate to come in if you want to. Perhaps we can start with what has been in the headlines in the past year or so, which is the so-called deal persuading Iran to ameliorate its prospective nuclear weaponisation and, with it, the possibility of reducing sanctions and opening up a new relationship. How do you see that deal? How is it seen in Iran, on the home front, and what are the prospects for the deal’s sustainability?

Professor Ali Ansari: Thank you very much. I have made it clear for some time that I think the way in which the deal has been sold has been on the reckless side. I think that, as a transactional deal, it works; it works within the strict parameters that it has set for itself. It is focused on very technical aspects of Iran’s nuclear programme in return for an alleviation of sanctions on Iran’s nuclear programme. It is time-limited, so that, from the Iranian perspective and
political point of view, as long as they adhere to those aspects of the agreement, once the 10 or 15 years are up they will be able to move ahead with, in their words, an industrial-scale enrichment programme, should they choose to do so. Some people on this side of the debate would probably look at that with a little concern, but that is what the deal, from the Iranian side, indicates.

On a popular level, there was a lot of anticipation and expectation that the sanctions relief would be broad and pretty immediate. A lot of that had to do with the fact that President Rouhani sold it in very colourful terms. The politics in the United States probably did not help, either. There was a lot of talk of a new dawn, a resetting of new relations and so on and so forth. All this depended on a sequence of developments emerging from the agreement. In Washington, the gamble is that Rouhani can pull this off and use the nuclear agreement to essentially transform the internal politics of the country, which was always a big ask. Those of us who observe Iran quite closely thought that he would have a hell of a job on his hands to try to do that. In the first two to three years of his presidency, he did not indicate that he was keen to do it. On the other hand, Rouhani himself was very dependent and gambled on the fact that sanctions relief would be the key to unlock various issues and that there would be a huge influx of investment into the country in a way that would support him.

In my view, the weakness—I would not want to call it a flaw—in the way it had been organised is that the political hinterland of the agreement had not been prepared well enough. I fully understand the politics and diplomacy of it, in that you focus on the one thing you think you can solve and, once you get that done, you think that that will move on to other things. But in the broader lay of the land, if you looked at the hawks both in Washington or even in Iran, neither side was really prepared for this great detente that the agreement’s supporters were trying to push. At the end of the day, problems emerge from Iran’s regional reach, for example, particularly in Syria, which Kerry said recently is causing image problems at the very least for Iran, given that it wants sanctions relief. On the other side, within Iran, you have this sequence. For example, this week has been bad for the arrest of dual nationals. The idea that you are going to arrest dual nationals and put them on trial for two hours in camera, convict them and then sentence them to 10 or 18 years in prison does not encourage a tremendous amount of business confidence. The problem with the agreement is that it relies on momentum to keep going and it is in real danger of stalling, if it has not stalled already.

The Chairman: That is a very telling comment. It is odd that people are busy reacting to the deal as if it is done and permanent, with air routes opening up, businesses examining how they can get in there and people quarrelling about who is entitled to start dealing with Iranian business, with different views around the world. People are reacting as though all this is settled and fixed in concrete, but you have told us that it is in fact pretty precarious. Presumably there are other precarious elements in the US Congress and obviously inside Iran.

Professor Ali Ansari: I think that you have to look at it as a process. Implicitly in the agreement, it will be tested in practice. To be fair, the Iranians have adhered to the early elements of dismantling those parts of the programme that they were asked to. They feel that they have not been given the sanctions relief that they expected. In fact, in the terms of the agreement, the sanctions relief that was outlined has been delivered. They were expecting it to be far more
comprehensive, although some people clearly did not read—I would not say the small print—the agreement properly.

The problem was and always has been that, to give you an example, even last January, a number of Iranian officials were saying, “Once we do all the things we have to do, the sanctions will be lifted and permanently eliminated”. That was the impression that they gave and it has come back to haunt them. The sanctions have been suspended, not lifted, and they have not been as comprehensive as they were described. The Iranians have argued—and to some extent they are right about this—that they have shattered the international coalition against them. That is in some ways true, in the sense that the Russians and the Chinese are unlikely to come back and support UN sanctions against Iran.

They miscalculated two things, I think. One is the strength of US sanctions against them. There was a curious anomaly in their whole negotiation where, even according to Foreign Minister Zarif, they are not interested in access to US markets or US financial markets, which I thought was peculiar if you are planning to integrate into the global economy. If they never asked for it, that is a flaw in the agreement, because that hampers them. This idea that you can get the sorts of sanctions relief that you were promised when the Americans are not really lifting their sanctions will make life very difficult for them.

The second point, as I was trying to say, is that I do not think they fully appreciate just how competitive they have to be to get the sort of business interests they want—the word I have used with them is “competitive”. It is particularly so with the oil price down, which is nobody’s fault. But I think they assumed, “We’ll be open for business and everyone will rush in and absolutely love doing business with us”. As someone pointed out to me, the Iranian banking sector is in a mess. If there were no sanctions on Iran, its banking sector would still be in a mess. It will not be easy for international banks to say suddenly in our post-2008 situation, when everyone is far more cautious about lending and so forth, that Iran is the best place to do business when everything is so opaque.

A number of Western companies have shown a lot of enthusiasm but I would make a distinction between selling things to the Iranians such as Airbuses and Boeings, even though that may not be going as fast as they would like, and investing in the country. What Iran needs is investment. Simply recycling foreign currency will make them feel good, yes, but for a short time. I have also criticised the Airbus and Boeing purchase. Iran does not need 200 or 300 airliners. It is an absurdly ambitious project and reminds me of the Shah, to be honest, although at least he had money. I think the number of planes IranAir actually has on its books at the moment is 46, of which much fewer actually fly. The idea that it is suddenly going to expand this tenfold—to which markets will that be? They talk in very grandiose terms. I am sure that Airbus is thrilled that they want to buy 12 A380s but I would be really interested to know where the passengers are going to come from. This sort of thing tells me that there is less strategic planning in Iran than there really needs to be.

Lord Jopling: But surely it is not just the internal US sanctions; it is the effect of US law on people much more widely abroad who are finding it impossible, because the threat of the US taking action against non-US operators is causing so much of the trouble. My question to you is: to what extent is this logjam caused by the attitude of the United States Congress? I was in Washington when Netanyahu was there and made that speech to the Congress. If I remember,
they came to their feet about 47 times in response to his total rubbishing of the deal before it was finally settled. I said to myself at that time, seeing the support that Netanyahu got, “These people will never make trade with Iran a possibility and have the whole thing hogtied”. To what extent can the situation be loosened, relieved and opened up if the United States Congress was to change the law and enable that to happen?

Professor Ali Ansari: You are absolutely right that the US Congress is a major issue, or even a problem, in terms of relations with Iran. This is what I mean by the political hinterland; I do not think enough has been done to bring people on board. There was certainly a window of opportunity last year, after the agreement—I was going to say “was signed” but obviously it never was—was made and up to about February. There was a view that there could have been one, certainly with Democrat senators and congressmen.

The interesting thing—you made this point very well—is that there is a lot of cross-party consensus on that view. Look at the Democrats: they are also not terribly keen. In this respect, you have to say that the Iranians face a very difficult political situation in the United States, which really comes from 1979. There is no doubt about it. The Iranians might claim that they have grievances going back further, to 1953. I do not want to get into the history but the fact is that in the United States, you can see these fairly well entrenched views. The question has to be how you ameliorate that to some extent.

To give you an example, if you want to understand the US mentality, when these US sailors wandered rather ineptly into Iranian waters, there was a point where you would have thought that the Iranians handled it reasonably well, by seizing them and then getting them out. What was probably gratuitous after that, however, was to have lots of parades and floats around the city with people mocked up as crying American sailors, which would then be shown on US TV. This will not win friends and influence people in Washington. That is one example; there are then the dual nationals who were taken. This allows, if one may say so, the hawks generally to say, “Look, they are not being terribly friendly”.

The problem with Congress is very real. There is a small possible window of opportunity here: if in the elections on 8 November the Republicans do extremely badly and lose control of Congress, you might find that the renewal of ILSA and the sanctions does not go through as quickly as people would like. I am a bit sanguine about that, in the sense that there are many Democrat hawks as well as Republican hawks, if I may put it that way. There are means and ways of softening that. There was a hope, because President Obama had in effect sold it as such, that this was to be a new opportunity. Sadly, as you see in this case you have the hawks in Iran and in the United States, who do a great job of feeding off—or, how shall we say, informing—each other and encouraging a hardening of their positions. It just makes life very difficult.

The Chairman: Dr Mansour, we will come to some wider issues in a moment. There is just one more area on Iran from Lord Hannay.

Q12 Lord Hannay of Chiswick: If we could turn back to where you started your reply to the first question, which was about the exclusion from the deal of any non-nuclear issues—such as Iran’s activities in Syria, Yemen,

38 The (US) Iran and Libiya Sanctions Act of 1996
Lebanon and so on—then for the record, I do not share your view. I think that if those things had been included, it was inconceivable there would have been a deal at all.

Leaving that to one side, could you say something about how the nuclear deal has influenced Iranian foreign policy and what it has done for Iran’s influence in the region? That will obviously have something to do with the difficulties that the West will have in dealing with Iran’s activities in these areas.

Professor Ali Ansari: I should also clarify my own position. In an ideal world, yes, I would have liked it to have been a much broader grand bargain. I quite understand the position which says we would probably never have got there if we had gone so broad. In terms of a political hinterland, I am talking more about preparing the ground with Congress and others; to make the mood music a bit better, I suppose. I think the anticipation was that after the JCPOA, we would then move on to Syria and other topics of mutual interest.

What has actually happened is that, for several reasons, the Iranians have started to show a much more robust and muscular regional foreign policy. They quite clearly seem to have stepped back on their nuclear programme. They therefore have to compensate their own hard-line constituency by appearing to say, “We have not caved in on everything. We want to compensate on this front”. It also reassures their allies in the region that they are not pulling out. There is perhaps an interesting contrast with the Obama Administration in this respect. The final thing has to be that they have taken advantage, to some extent, of what they perceive as a US reluctance to take any action in the Middle East, or to have a more robust posture in the Middle East.

Almost immediately after the JCPOA was agreed, the Russians moved into Syria and started to take a much more active role. My reading of the current situation is of wanting try and get things wrapped up before Obama leaves office. The anticipation is that with either a Clinton or—perhaps I should not say this in public—heaven forbid a Trump presidency, you would find a much more forward-leaning American Administration as far as the Russians were concerned, certainly against the Iranians. I think you have seen those elements of the more revolutionary wing of Iran in foreign policy in the region in some senses becoming empowered by the JCPOA. It has allowed them to exert a certain leverage. Certainly the more hawkish elements in Iran work on the basis that the United States would not want to jeopardise the JCPOA and therefore would not take action that might do that. That allows them in a sense to manoeuvre.

I have said that the Iranians have a different approach in some ways to their diplomatic dealings. We tend to exchange space for time. I think, if I have got this the right way around, the Iranians have exchanged time for space. They play the long game. For them, offering a concession of 10 or 15 years is not necessarily a bad thing as long as they get various other things done. They feel in their own mindset that they have been there for a very long time and they plan to continue being there for a very long time after the West or anyone else has left. Therefore, in their view time is the one commodity they can sell quite cheaply. They play on the fact that the Americans always have a sense of urgency. You saw this in the negotiations, of course. They were constantly pushing or putting pressure on Kerry. If Kerry had been a little less keen to get a

39 The Joint Comprehensive Plan of Action (or the Iran Nuclear Agreement)
deal by a set deadline, whether that would have altered the terms of the agreement it certainly would have altered the terms of the debate within the negotiating room. At the moment, the hawkish, hard-line view in Iran is that it has not been a bad deal for them. It allows them much more freedom to manoeuvre as far as they are concerned.

**The Chairman:** Does that mean that Iran will carry on with its covert activities in the Middle East? In many countries one goes to, the one terror is that the Iranians are causing trouble and making difficult situations even worse, such as in Bahrain, and they are up to no good because they are exporting revolutionaries in a French 18th-century style. We will have to live with troublemakers and stirrers-up of every conceivable difficulty for many years ahead. Is that your view?

**Professor Ali Ansari:** The other aspect is that obviously we have a cold war between the Saudis and the Iranians at the moment, which is not helpful either. Arguably, it is bordering on what I hope will not be a hot war but the situation is very tense. The Iranians also do not help themselves by taking credit for lots of things they actually do not have much to do with. They like the notoriety. There is certainly a contest within the Iranian regime itself between, if I can be simplistic about it, the Foreign Ministry and the Revolutionary Guard about who drives foreign policy. At the moment, the Revolutionary Guard has staked a huge claim in Syria. I remember in 2013 when Rouhani came into office there was an almost public debate about whether Iran should get involved in Syria at all. It was not really something they wanted to get involved in. This was clearly, on the other hand, something in which the Revolutionary Guard had invested a lot of time and effort and was not going to let go. I think you see this contradiction. If you want to bring in foreign investment, you have to reduce or lift regional tensions. On the other hand, there is a tendency on the part of the revolutionary establishment, it is part of the raison d’etre, that, “This is our policy, this is what we are going to. We are empowering the people of the region and we are forcing out the West”. Like all good ideologies, that is riven with contradictions: the fact they are working with Putin does not necessarily work very well with many Iranians. That has yet to be resolved within the Iranian establishment.

**The Chairman:** Let us go a little wider than Iran. Lord Reid, would you like to open the wider seam?

**Q13 Lord Reid of Cardowan:** Obviously another of the huge contemporary issues in that area is the struggle against Daesh or ISIS. That has brought together a range of interests that would not naturally be assumed to be common or happy bedfellows. Probably the approach to Mosul illustrates that, where you have American Special Forces through to Iranian-supported militias, and the Iraqis, Turks and Kurds wanting to come in. Without tempting fate, assuming that this is successful and Daesh is pushed back, it may well be that some of these competitive elements start to cause problems. In particular there is the geographical situation of the Kurds in four countries—Syria, Turkey, Iraq and Iran—and specifically the Kurds in Turkey. Assuming the fight against Daesh is successful, what is the actual role of the Kurds around Mosul and the attack on that? More importantly, what are the likely long-term consequences for the role they have played through the Peshmerga and in other ways in Iraq, Syria and Turkey?

**Dr Renad Mansour:** A really important year for the Kurds was 2014, when Daesh took over Mosul. A lot has changed since then. I have been working on
this for a long time. Before that, if I said I was working on the Peshmerga, nobody knew what that was. I would always have to say, “In Kurdistan, you have the Kurds”. A lot has changed since then. So in some ways Daesh really lifted the Kurds in Iraq to the point where, as we all know, today the US and other Governments send direct military aid and finances to the Kurdistan region without crossing the central Government.

To address your question, first we can say that in Mosul the Kurds are fighting—not inside the city but on the outskirts. The first phases have been predominantly with the Peshmerga—the Kurdistan democratic Peshmerga and also some elements of the KRG’s unified Peshmerga—clearing Christian villages in the north of the Nineveh province. They very much benefited from the situation in Mosul as a bargaining chip. This is how they have been able in their diplomatic relations to negotiate with big states such as the US and the UK. They have been able to use their proximity to Mosul and the issue of the so-called Islamic State as a way to bargain. At the beginning, President Barzani was saying, “There is no way we will interfere. We do not have money or weapons”. Basically, he was saying, “Give us money and weapons”. If you speak to most American, UK and European officials who have been in these negotiations, they will say they are tired of how much the Kurds ask for in terms of weapons and money, but this was their case. For them this is a really important moment because they are on the international scene. President Obama is inviting and talking to Barzani. Joe Biden and others are speaking to them. They do not want this to go away, to some extent. Because of that, particularly after 2003 they have created an entity that is likely to stay. They have built a de facto state that has been recognised by not only the local population but the central Government of Baghdad according to the constitution and, as I say, the international community to some extent. You are providing direct aid and direct military support, moving against central Government. That used to be done before but it was always covert; now it is open. There is no need even to hide it. So they have built a de facto state, they know that they cannot reach any sort of de jure-style recognition, so they have tried to counteract that and move around that.

In Mosul, because it is so close to their border, obviously their first aim is to ensure that Daesh is no longer on their border and presenting a threat. The second aim is to make sure that the future governors of Mosul and Nineveh are friends not antagonists or close to the central government. They have their own list of personalities they would like there and whom they have been working with, such as the former governor Atheel Nujaifi and others. Where did they flee? They fled to Erbil and have been living there for the last two and a half years. In that time, they have grown close. The Kurds have provided security, salaries and a lot of things for these fighters. Another important point is that the Kurds have had relations with Turkey—the Iraqi Kurds, the KDP particularly. You have this triangle of Turkey being involved in Mosul, as well as the KDP and some of these governors. Their final aim in Mosul is to ensure that the Shia militias, Iran or the central government do not come back, and to push for this kind of local autonomy and decentralised style of federalism in order to surpass their fears of a centralised Iraq.

Lord Reid of Cardowan: May I follow up with one question? You interestingly said that de facto they have a state. Are you talking only about the KRG, the

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40 Kurdish Regional Government  
41 Kurdistan Democratic Party
Professor Ali Ansari, Professor of Iranian History, Director of the Institute for Iranian Studies, University of St Andrews (QQ11 – 19)

Kurdistan Regional Government, or are you including in that the canton in Syria to the south of the Turkish border? Some would argue that that provoked Turkey to get involved: rather than being anti-Daesh, Turkey wanted to stop the progress from east to west along its southern flank of the Kurds. Are you including that YPG\textsuperscript{42} area?

Dr Renad Mansour: I am sorry, I should have clarified that. When I speak of the Kurds, it is hard for me to even speak of one set of Kurds. There is no one set of Kurds. I am only talking about the Iraqi Kurds.

Lord Reid of Cardowan: You are only talking about them?

Dr Renad Mansour: In Syria it is a completely different story. In 2011, the central government moved out and gave them a space to be able to build these federal units. As long as Turkey, particularly under Davutoglu but also under Erdogan, was against this regime in Syria, they were able to move and fight against ISIS as well as try to develop federalism. It is important to note that they have problems with the Iraqi Kurds, so with this idea of pan-Kurdish nationalism or even when we talk about Kurdish statehood, we will never talk about one Kurdish state. We are talking about four different state-building projects here, if not more. That is really important to note. In Syria, they have tried to link the cantons. Unfortunately, in the summer of 2015 President Erdogan of Turkey after not winning as much in the first election of that year decided to change his electoral tactics and no longer needed the Kurds. There was a fight again with the PKK\textsuperscript{43}, who are linked to the Kurds of Syria—the YPG and the PYD\textsuperscript{44} have links to the PKK. Because of that, the next summer—2016—after the coup and the purge, Turkey entered Syria, went to see Russia and is talking about somehow completely changing the policy on Syria because the number one threat to Turkey is the Kurds, even more than Islamic State. For them, they would rather keep Assad now and make sure that this federalist dream of the Syrian Kurds is quashed.

Q14 Lord Grocott: Perhaps a slightly different way of saying “de facto state” is to say “de facto changes in international boundaries”, which can become permanent in many examples we can think of round the world. There is a question if you are right—I am sure you must be—about a de facto state and change in the boundaries between Kurdish areas and what was Iraq, if we are talking about Iraq to begin with. Let us stick to western policy. What does that mean for western policy?

Dr Renad Mansour: For the longest time, international relations were governed by state-to-state relations, in the Middle East the state meaning central governments in Baghdad, Damascus, Beirut and elsewhere. Unfortunately, if you want to speak to the south of Lebanon, you would not go to Beirut and talk to the Beirut Government. If you want to speak to the north-east of Syria, you would not go to Damascus and speak to the central government there. If you want to talk about the Kurds in Iraq, you do not go to Baghdad. That means that international relations have fundamentally changed in this region. Yet because there seems to be, especially in the post-World War II, decolonialisation phase, this reluctance to recognise new states in fear of a breakdown of world order, you are seeing fundamentally de facto changes of states without this formal

\textsuperscript{42} People’s Protection Units (armed service of the Federation of Northern Syria – Rojava)

\textsuperscript{43} Kurdistan Workers’ Party

\textsuperscript{44} Democratic Union Party (Syria)
aspect to it. Borders are redefined, and different borders are stronger. The border between the KRG and Iraq is a lot stronger than that between Iraq and Syria. Think about that. Borders are being completely redefined on the ground, and the policy world is just slowly realising what has been happening for 10 or 20 years.

**Lord Grocott:** Quickly, is the likelihood almost that you end up with a situation like Kosovo, where the state is recognised by a fair number of the members of the United Nations but not by a large number on the other side? Is that not a likely development?

**Dr Renad Mansour:** What is really interesting about the model the KRG has tried to pursue is that, okay, President Barzani, will use independence and give a referendum, but primarily for a domestic audience. Really what has happened is that they have just tried to become a state without trying to push that, “We need independence”. That is very different from the Palestinian model for a long time, which was, “Give us independence first and then we will build our state institutions”. They have decided, “We are not going to fight to try and gain recognition because it looks tough. Let us just build the state, then they have to speak to us”.

**Lord Reid of Cardowan:** This is fascinating. I take your point that if you want to speak to north-east Iraq now you do not talk to Baghdad but to Barzani or Talabani, or one of the leading families there. Do you envisage that that will end up with a federal nature, effectively, so that the external borders of what was Iraq will still exist but you will have Kurdistan and you might even have Shia dominance in the south and then a central state? Or are you talking about effectively moving towards a state separate from Iraq itself, or is it an incremental process?

**Dr Renad Mansour:** That is a really good question and an important clarification. Even though we are talking about state building, today the KRG are unable to govern given the economic situation without links to Baghdad. They need co-operation, and they need to work with each other. They have realised that. If you look at the discourse, two weeks ago the KRG Foreign Minister was here as part of a delegation with the Iraqi Foreign Minister. They have gone through ups and downs, because it is very much an era of transition where we are trying to understand what type of system will work. The ideal system that they should be trying to get to is a type of federalism where there is a central government able to devolve power: give power rather than lose power.

**Lord Reid of Cardowan:** Do you see that in Syria as well?

**Dr Renad Mansour:** In Syria it is a bit more complicated because it is still very much in a civil war. In Iraq it is great because at the moment spirits are high. For the first time, by the way, for as long as I can remember, you have the Peshmerga fighting alongside the Iraqi Army. Think about how monumental that is: they have always viewed the Iraqi Army as an Arab army against their national movement. That is happening in Iraq. In Syria, it is a bit more complicated and needs a bit more time. The debates are happening at international level and are not really coming down to the ground. In Syria, you will probably have to have regionalism and a central government that is able to give not lose power. At the moment, the Government are really losing power. They will have to restructure and move towards federalism. Unfortunately,
whereas in Iraq, the US and Iran are together, in Syria they are against each other, and that has huge repercussions or consequences.

Q15 Lord Purvis of Tweed: It is really fascinating to hear from you, Dr Mansour. I have been in Erbil a number of times over the summer. In that area I met governor Hammadi of Nineveh province, who is in exile, as you mentioned. The hospitality that they have been providing is really interesting, especially in the context of having no funding from Baghdad for the Nineveh officials in exile. I have a follow-up question to Lord Reid’s question on the wider integrity of the Iraq borders, within the context of the existing decentralisation law. You did not mention the tension within the Kurds between the PUK and the KDP, which is still a live tension. The offensive on Mosul may well expand that tension rather than ease it. Could you comment on that? Can you still see Iraq, in the long term, being within its borders or having a more confederal than federal approach, with Kurdistan as a stable way forward?

Dr Renad Mansour: First, it is important to note that if we talk about the split-up of Iraq, we are just talking about the split between the Arabs and the Kurds. The Sunni and Shia sides both want to be part of Iraq, not part of north Iraq or south Iraq. Both sides believe that they are Iraqi whereas the Kurds do not believe that they are, even though they have to say it. Again, the nation is built after the state-building.

In terms of the KDP and the PUK, as I say, the Kurdistan region has been in economic crisis. They have not been able to pay the salaries of the employees, which is almost 90% of the population, for two years, because of their cut funding. What has happened in the Kurdistan region is that they were to some extent quite arrogant about their trajectory: they would be the new Dubai and become a state, with all these oil companies—Exxon, Chevron and Gazprom—signing deals from all over the world. Then a few things happened. Primarily, the price of oil went down, which is not very good for an emerging oil country, and that cut its funding: 17% of revenues or even less—whatever they were giving—which was huge. Because of this, tensions began to grow within the Kurdistan region and you had a protest movement. This is significant in Iraq as well.

We talk about identity politics, which have been very important in Iraq. If you are Shia, you vote for a Shia; if you are Sunni, you vote for a Sunni and if you are Kurd, you vote for a Kurd. For a long time, Barzani was able to use this identity politics to say, “Let’s keep our house in order because we are trying to negotiate independence”. That is how identity politics was working. Today in Iraq, you have Kurds protesting against Kurds and Shia protesting against Shia—you can see this in the south—meaning that issue politics has become more important. This is issue politics: they are fed up with not having electricity, salaries or money. That is more important than independence.

That is why in 2005, when an unofficial referendum was done in Kurdistan, something like 95% of the people said that they wanted independence. Today, the figure is nowhere near that high because, first, they view independence as a kind of political tool which the president is trying to use and, secondly, they realised: “How can we be independent? We are a landlocked state and that whole

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45 Patriotic Union of Kurdistan
promise of a new Dubai has gone away. We need recovery now. We need state institutions”.

The KDP will try to reassert its influence. Barzani, as you probably know, has a lot of legal issues with his presidency—having surpassed it by two years by trying to use Isis and other reasons to say, “I need to stay in power”. The PUK has its own internal crisis. Talabani, the former president of Iraq and PUK leader, has been unable to move or speak for two or three years but is still the leader of the party. Because of that, the PUK has no real direction. For example Qubad Talabani, the Deputy Prime Minister, seems to be closer to the KDP but then there are other influences which are moving closer to Gorran, which is the opposition. So what will probably happen post-Mosul?

Another important thing is that the Kurds want to take Kirkuk, which they really do view as part of their province. If they get Kirkuk, that is largely PUK territory. That is why ambitions in northern Nineveh become important, because those are KDP territories. For the Kurdistan region’s leadership, land aspirations will continue because of domestic internal politics as well. On the issue between KDP and PUK, I think most sources would say that we will not have a civil war between the two, as we had in the 1990s. But you could very much have two Administrations, one in Erbil and one in Sulaimaniyah. That could probably happen if things go really sour between the two.

**The Chairman:** I am going to ask that we keep our questions quite short because these are fiendishly complicated situations. We have learned that everything in the Middle East is connected to everything else.

**Lord Inglewood:** To some extent you have answered my question. When you began debating this we were talking in terms of things that were or were not states, or had certain characteristics that might relate to states. The more I heard you talking, the more I was struck that this is the wrong intellectual framework for looking at all these issues. We have to throw out a lot of traditional baggage from our minds and try to see the evidence in a different way.

**Dr Renad Mansour:** Yes, exactly. As I say, you will not understand the country by looking at it in status terms. In the field of international relations, from an academic perspective, this type of realism where states are the main actors in international affairs is no longer that relevant. It is problematic, because it is a lot easier when you can deal with just a few states and say “This is Iraq: they are all Iraqis and these are their representatives”. It was an easy way out, but unfortunately taking that easy way out led to a lot of fundamental misunderstandings of those societies. Now we are trying to understand the societies better by moving away from state-centrism.

**Baroness Coussins:** My question was going to be about non-state actors. You have already addressed it to a large extent in your last few answers. Could you build on that a little further and perhaps paint us a more detailed picture? Can you give us an explanation of the very wide range of non-state actors in the region, whether politically, socially or economically? What is your assessment of how they have developed or evolved over the last five years or so, and where their funding and support comes from? How are they seen by the local populations and how are the actual states responding to them? Do some or all of them pose an existential threat to the nation states?
Dr Renad Mansour: Here, it is really important to make the distinction between sub-state and non-state actors.

Baroness Coussins: We thought that you might say that.

Dr Renad Mansour: A lot of people refer to Hezbollah in Lebanon as a state within a non-state. That is what they say in Lebanon: Hezbollah is a state in the south inside Lebanon, which is not a state. Until recently it had no president. The boundaries are blurred and it is not known who the actors are. Again, it seems as if the key is legitimacy at three levels: the local level, the state level—or central government level—and the international level. The issue of legitimacy is what really differentiates these actors. The local population in Lebanon view Hezbollah as their Government, or as their state provider of services. In Beirut, they have been able to take over the central Government, who are also recognising Hezbollah. But certain international communities view Hezbollah as a terrorist organisation. This is where the definition of terrorism gets really complicated in the first place.

The Kurds—the PKK—are a terrorist organisation in Turkey but if they just walk over the border to Syria, they are freedom fighters who are fighting against Daesh. It is very much the same fighters with the same ideology. It is the same sort of Öcalan-Marxist ideology. In that way, I guess that border has some sort of influence. Anyway, a lot of sub-states have emerged. We have talked a lot about the Kurdistan region. There are projects in Syria for the Kurds and there is Hezbollah. These are very much states, except in name.

Then you have other sub-state actors. There are obvious economic actors where you have different foundations: the Bill & Melinda Gates Foundation is very prominent. A lot of NGOs are in the region, trying to make some change. In the 20th century, central Governments were able to dominate all the space and they are no longer able to do that. That is why you have had all these different types of sub-state and non-state groups emerge.

Baroness Coussins: Can you just say something about the funding and where it is coming from?

Dr Renad Mansour: It depends. First, a lot of them, like Hezbollah and the Kurdistan region, are able to begin sustaining themselves by making their own funding—they have their own businesses. But I suppose there are a lot of initial start-up costs, in Hezbollah’s case coming from Iran. It is interesting that Iran has done it as well with the Shia militias in Iraq. It does the start-up costs but then very much wants them to become self-sustaining, so even though Iran was the primary funder of the militias when they began in 2011—they were then justified after 2014—the central Government of al-Abadi are now paying for the militias. The funding comes from all over. They sustain themselves by getting international funding. As we have heard today, the UK is also funding some of these groups.

The Chairman: Professor Ansari, would you like to add a word on how Iran sees all this? Presumably, Iran does not want the same fragmentation to apply to Iran but is happy to promote it everywhere else.

Professor Ali Ansari: Well, not officially; their publicly stated views on Iraq and Syria are that they want them to be maintained. They very much present themselves as a status quo power. Certainly, as far as Iraq is concerned, the view has always been—I remember this from talking to a number of Iranian
officials—to say, “We want to maintain Iraq as a unitary state” but they wanted to avoid any possibility of a military threat coming from there. That is a fair point, but basically they want to do that by keeping the state weak. That is the way in which they operate and, as Dr Mansour has said, they have managed to extend their power in these regions rather efficiently. In some ways, certainly in Iraq, they have been allowed to do so: they moved in, first, through various charitable organisations and then through the IRGC, with what we would effectively call seed money to get things going. They then provide the backing when necessary.

You can see a similar process in Syria, which is also quite interesting. There is a certain amount of friction between the Assad regime and Iran there. Whereas Iran wants to establish a continuous influence, if you will, the Assad regime does not necessarily want to see the Iranians having a permanent militia base in Syria—although goodness knows what will come out of what happens in Syria. The Iranians are obviously insuring for the future.

I have always said that Iran manages chaos well; one of the big flaws with the Allied occupation in Iraq was that we did not. We wanted to establish order. The Iranians said, “This is not how it works in the region—we manage chaos well”, and they do. This goes back to my earlier comment that if you want to transform your country into an investment hub, managing chaos well is not actually the best way to do it. These internal contradictions work quite well for Iran in terms of its regional influence. It has exploited, if you will, a sort of strategic incoherence that has come from the West towards the region, where we back one group here and another there as allies.

The ideal scenario, if we all had what we wanted, is that the way Obama was talking there would have been some sort of detente with the Iranians, then we would all have sorted ourselves out and fought Daesh together. The fact is that it is not working out that way because, lo and behold, even the Iranians have different arrangements in different areas. It is very byzantine.

**The Chairman:** So who do we back or link with? Baroness Helic, it is your turn.

**Baroness Helic:** I was surprised to hear that Melinda Gates is a sub-state actor but obviously if she is, let us hope that she has a revolution on her books—

**Dr Renad Mansour:** Non-state.

**Q17 Baroness Helic:** A non-state actor. I am trying to distinguish in my head what non-state and sub-state are. I am sure that I will get there. In the meantime, if I am not able to distinguish those two, do you think that the UK Government and western Governments are able to distinguish the non-state actors and how they engage with them? Do we have the full understanding and capability to properly engage with them? On top of that, from all you have said, my conclusion would be that our position is one of sitting and waiting for a fait accompli, so that we can go and rubberstamp it. We are looking for local solutions rather than having a strategic view. If we are already involved by supporting the military and engaging with the political leadership, should we not have our own strategy for how we see the region and how we want it to develop? I fear, from all you have said, that it is all left to somehow come out on its own. That is more of a

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46 Iran’s Revolutionary Guard Corps
statement than a question.

**Dr Renad Mansour:** First, what I meant to say is that there are sub-state actors and non-state actors. Sub-state actors are trying to institute Governments: they are local and trying to develop states. It is like they are on the way to becoming a state. Non-state actors in civil society, like these foundations that are trying to support—

**Baroness Helic:** Positive and negative.

**Dr Renad Mansour:** Yes, positive and negative. Also, radical groups were for a long time non-state actors; they did not really have state incentives. Al-Qaeda, for example, never talked about building the caliphate because, as al-Zawahiri said, it was the long game that was important. It was a non-state actor. Daesh, for example, tried to become a sub-state actor by building and trying to transition to a state. That is what I mean in differentiating the two.

On why it seems really messy, unfortunately, the history is that Governments located in the Middle East are always going to be reactive rather than strategically astute. It seems very complicated today because in the Middle East they do not know where they are going. If you speak to the leadership among the actors, they also do not know what will happen. There is no real strategy. Look at the fight for Mosul. They know that they have got to get rid of Islamic State/Daesh but that is it. None of them knows what should come next. They cannot come to a decision or an agreement. Even they are saying to themselves, “How can we govern this?”

This is because the Middle East is going through an era of transition. The post-World War I boundaries and system have crumbled. Transitions are messy, which is why it seems very complicated and why it is hard to have some strategic foresight. They are trying different things to see what will actually work. That is why it is really hard to assert some sort of strategic foresight in the region.

**Q18 Lord Hannay of Chiswick:** We have talked a lot in the last half hour about fragmentation. Everything that you have said illustrates that there is a great deal of fragmentation in Iraq, Syria and possibly more widely in the Middle East. Could we look just for a minute at the opposite end? Is there any scope at all in the medium and longer term for looking to some form of sub-regional or regional grouping organisation, which will ensure that the relationship between either the nation states or the sub-states is handled in a peaceful and non-interfering way? It would be a little like, but obviously not exactly modelled on, the OSCE in Europe after the Cold War. It there any scope for that at all and is it the way in which one could hope to see some relief from the cold war between Saudi Arabia and Iran, or is it a complete pipe dream?

**Professor Ali Ansari:** In the situation that we face, the only option is to find some regional security organisation or some sort of means by which you get the Turks, the Iranians, the Egyptians, the Saudis and others as guarantors, in a sense, of regional stability. You ask whether it is a pipe dream. It will be difficult to achieve in the current circumstances, but that does not mean that we should not try to pursue something like it. In terms of what the UK could do in the next decade or so, these are certainly the ideas that we need to put out there. I see nothing good coming out of it while you have no sort of framework in which all the major players have a vested interest in that stability.
Of course, when you look at the divisions between Riyadh and Tehran at the moment—although I notice that they came to some modest agreement over the oil price recently, so all things are possible; how long that will last we do not know—ultimately, they should realise that it is in their own interest to have exactly the sort of ideas that you suggest. I do not see an alternative, to be honest.

**The Chairman:** Dr Mansour, do you have anything to add?

**Dr Renad Mansour:** Yes. I feel that a lot of today has just been us talking about problems. Obviously it is also good to talk about potential solutions, even though I completely agree that they are hard to see. There are certain ways in which you can bring them together. Part of that is raising awareness of the need for communication—the need to talk to each other—which is fundamentally what I thought the nuclear deal was. At its core the deal was, so to speak: would you not rather be talking to your enemy than ignoring them? That needs to be encouraged. I know that these sort of talks are being encouraged in Oman and elsewhere. Just bring everyone to the table so that everyone can understand where the other side stands—a sort of pre-negotiation of this—to try to find where there are commonalities, particularly economic but also security commonalities.

**The Chairman:** Supposing Islam, instead of tearing itself apart, saw its leaders trying to talk to each other and come together. Would that help?

**Dr Renad Mansour:** Do you mean Islamic Governments?

**The Chairman:** I am talking about the great Islamic divide between Shia and Sunni. They do not talk to each other, do they?

**Dr Renad Mansour:** This is why there was a bit of confusion on my part because the problem is not really Islam or about religion. It is political, and sectarianism is the politicisation of these sub-national groups. Again, I do not see much merit in trying to use a religious way to deal with this problem.

**Lord Reid of Cardowan:** I have one quick comment in response. The schism, whether it is religious, ethnic, Arab/Persian or political, is not just about the sub-groups, is it? Part of the rivalry between Iran and Saudi Arabia is at least perceived as or promoted in terms of their leadership within Islam. On the one hand, there is the custodian of the two holy sites and, on the other, there is the “correct” Shia version. It is not just the sub-sets that manifest themselves in this way, is it?

**Professor Ali Ansari:** One thing we have to be very careful of is of reading things back into the record. It is currently interpreted very much in sectarian terms; certainly the Saudis have sought to promote it in that way. There is obviously a Sunni/Shia confrontation on some level but we have to remember that even in recent memory Ayatollah Khomeini, the founder of the Islamic Republic, said during the Iran-Iraq war that he would make peace with everyone but never make peace with the Saudi royal family. Within a few years of his passing and Rafsanjani coming into office, suddenly some sort of detente had taken place—particularly after the first Gulf War, when Iran made a big effort to schmooze with the Arabian states in the Persian Gulf. Then you had a fairly good relationship up until President Ahmadinejad came in, but he did a fairly good job of wrecking Iran’s international relationships with almost everyone. That is when
the relationship with the Saudis became really sour. Of course, that was tied in with the Iraq war.

I remember vividly when Saddam Hussein was executed that Iran was probably the only country in the region, apart from the Iraqis and their Government, that did not have a view on it. Let us put it that way; they were actually quite pleased about it. Almost every other Arab country was fairly appalled by it and viewed it as a Shia conspiracy. You saw that sort of rhetoric emerge then. The Iranians themselves tried to push back against that rhetoric. They did not want to see it because their view is that the Islamic revolution is meant to be everyone, so the last thing they want is for it to be identified as Shia.

Within recent memory, relations between Riyadh and Tehran were manageable. They were not bad at all; even the sectarian element was not there. But as has been outlined quite well, what you have seen is a complete throwing-up of the region’s geopolitics with this clash of basic interests. The Saudis feel that they have lost Iraq and are effectively saying to themselves, “We will not lose Syria too”. The Iranians are saying, rather helpfully, “We are happy to share Syria with you”. I have to say that President Obama’s comment that the Saudis should learn to share the Middle East with Iran was fairly odd because it apparently did not take anyone else in the region into account. These sorts of comments have increased tension rather than reduced it. There needs to be a lot more knocking together of heads at the top. From my point of view the Russians, who have particular interests of their own to pursue, are not the people to do it. They have been involved in the Middle East for a very long time, by the way. There is the idea that they are newly come in and setting up, but the Russians were very active right back in the 19th century so that is part of their overall policy as well.

The Chairman: Professor Ansari, I am sorry that you have to go at 12 o’clock. We are well over time but we have two more issues or areas to discuss briefly. I know that Lord Grocott wants to come in but I would like to let Lord Wood in on the UK side.

Q19 Lord Wood of Anfield: I could listen to you all day. Somewhere in the midst of all this, one of the things we want to look at is how we should recalibrate the UK’s engagement in the region. I am interested in your view of how the UK is perceived, not just in the context of its traditional, long-term historic engagement in the region but particularly in the light of recent interventions. I think you referred earlier to what is perceived to be strategic incoherence. So this is not just on how Britain is perceived and its recent activity, but how do people perceive Britain’s preferences in the region, and its sense of alliances and strategic interests there?

Professor Ali Ansari: I think that Iran will probably be quite central to the perception of Britain in the region. During the last election in Iran, the hardliners tried very hard to paint the progressives or reformists as British agents. There was a wonderful poster in Tehran of a fox in a Union Jack waistcoat saying “Welcome” or something. That sort of influence just goes to show that, as a colleague of mine said, the British Empire is alive and well in Iran.

I always say to colleagues that they have to look at this with a much more nuanced view. They must not go round handwringing all the time about British imperialism and so forth, because the popular vote rejected that. That vote actually said, “Thank you for warning us of perfidious Albion, but we are going to vote anyway”. That does not mean that the official position is not riven with this
sort of ideological or historical view of Britain as highly malevolent—one where it basically engineers a lot of things in the region as the great imperial power there. But more seriously-minded Iranians will be well aware that there were two imperial powers in the 19th century—Russia and Britain—and of course we have the United States. Actually, the Russian situation is not much more helpful, although politics today means that the case study of the Russians is shelved and Britain and America are raised up.

From our perspective, what I have always argued as what needs to be done on a practical level is to have a much more thorough engagement with the region and its problems. I hope that some of you will like this, but I think there has to be much more investment in the Foreign Office and our diplomatic capabilities. There has to be much more investment in linguistic training. There just is not enough. Even the good sources in Iran I talked to about the nuclear negotiations quite clearly said, “We were pleasantly surprised that the British played a constructive role in the negotiations”. Britain has an asset there. It is not clear or simple but a much more complex relationship. I think the better armed or forewarned we are, the better we will be able to navigate that relationship: by understanding our own very long relationship with Iran, which goes back several hundred years, and acquiring not just a linguistic but that sort of cultural understanding. There is a lot that can be done. Unfortunately, where Britain falls down on Iran—it happened in the 1970s, and I fear it will happen again—is when we are driven solely by commercial interests. I have to say that, and I do so as a member of what is, I hope, one of the leading universities in the country. Universities, education and culture are all extremely important aspects in the exercise of Britain’s position in the outside world but I do not think we do enough. Instead, we are worried about whether we are selling enough cars or whatever. That is great, but it will not win us the influence that we need.

I cannot speak for the rest of the Middle East but from an Iranian perspective there are pros and cons. As in any relationship, you need to be able to soften the negative side but also to develop, promote and construct the more positive aspects of that relationship, which I have to tell you are not insignificant. I could go on all afternoon but I will not. There are some very positive aspects of that relationship, which we do not talk about enough. I think the last person to mention them was Jack Straw when he was Foreign Secretary, which was a long time ago. These things could be much better developed.

The Chairman: I think we like that message very much. May we urge you to read our House of Lords report on soft power and persuasion? Finally, Dr Mansour, because we really are running out of time, would you like to have a go at that? We mentioned Russia but the great powers of today include China, which is very influential all round the world in a way that it was not even 10 years ago. Would you like to say a word on that and then we really will have covered it? I am trying to speed things up.

Dr Renad Mansour: I just want to make one quick comment about alliances and whether you should be re-questioning them. The UK is a NATO ally of Turkey, which is largely viewed as having a border that at least facilitated the emergence of foreign fighters going into Syria and oil being sold back out from Syria, among other things. The UK is a strong ally of Saudi Arabia, which pays a lot of money to Wahhabi schools and organisations that act against the UK’s interests. It is important to question alliances and, I suppose, whether you are
Professor Ali Ansari, Professor of Iranian History, Director of the Institute for Iranian Studies, University of St Andrews (QQ11 – 19)

backing the wrong horse when you think of what the UK’s interests are. Anyway, we will not get into that because it is a big thing.

Another interesting point about perceptions of Britain is that they also show how borders are changing, because in north Iraq the Kurds are very happy with the British, but if you move south to Basra they are a bit more anti-British. Of course, Britain had a huge role in Basra and the people there are asking: “Why is it that we have all the oil and one of the worst cities?”. I am not sure whether you have been to Basra but it is one of the worst. It has no development; there is no economic funding into it. People are starting to associate that with the military presence and asking whether the Brits had anything to do with that. They are not blaming them but you do hear anti-British sentiment from the occupation. Finally on this question of perception, the UK’s role in 2003 with the US is obviously very important for judging perceptions of the UK among Arab Iraqis and in the Arab regions. Perhaps trying to move past that would be good.

On the question of Russia, this is what seems to have happened. Obviously Putin has re-emerged in the Middle East, particularly in Syria, and basically by calling Obama’s bluff. He has realised that Obama said all these things about a red line and intervention, after the chemical weapons, and did nothing. So at some point the Assad regime was down but there have been many times throughout this conflict, which began in 2011, where we have said, “Okay—this is it. There is no way that Assad can survive”. First, it was Iran sending militias; then it was Hezbollah intervening; most recently, perhaps the biggest intervention has been Russia’s, which has meant that it is hard to see Assad leaving in the short to medium term. In Turkey right now, the rapprochement between Erdogan and Putin means that Russia’s way is going to happen.

It looks as if Obama is now negotiating with Putin on some sort of settlement. But who holds most of the bargaining chips? It is Russia that is involved and has the power. It is on the right side of this battle. What this means we might have in Syria—it is probably the saddest thing for those who focus on the Middle East—is that five or six years later, 1 million people will have died and there are millions more refugees outside the country, but we are almost going back to where we started. So in the negotiations now between Russia and Obama, he needs to make it look as if there is something changing, such as putting in an interim parliament or some sort of check on the executive. To all intents and purposes, Russia has been emboldened in Syria. Whereas after the Cold War, it lost influence in the Middle East it has now regained it.

China is interesting. We have been seeing more and more of its delegations in the Middle East, where it is increasingly interested in investing. Obviously there are sanctions on Iran—I am sure that Professor Ansari could speak more on this. China has interests in Iran’s oil and investments there, but China wants to focus on the economic side. It does not want the Washington kind of consensus: “We also want to dictate what type of political regimes there should be”. A lot of Middle Eastern states will think that is great: “If we can do business and you don’t have to give me a hard time on our human rights record—that’s fantastic”.

Another important thing is that China does not want to provide the security guarantee in the Middle East. They want the US and the UK to continue to provide that security guarantee while they still do business in the Middle East. It is hard to say how long that will last. There might be a period in the future where China also has to start providing some of the security elements of stability. For
Professor Ali Ansari, Professor of Iranian History, Director of the Institute for Iranian Studies, University of St Andrews (QQ11 – 19)

the time being, they seem to make really good negotiating bargains with several other states.

**The Chairman:** Professor Ansari and Dr Mansour, we knew that we had a tough task ahead but now that you have brought us this picture you have reminded us, with your brilliant analysis of incoherence, of how steep the hill is for us to climb as a Committee. We intend to climb it all the same and you have given us a great start, so thank you both very much indeed.
The Bahrain Institute for Rights and Democracy is a London-based non-profit organisation which works to promote human rights and effective accountability in Bahrain. We engage with key international actors and governments to advocate for policies that support human rights in Bahrain.

This submission seeks to answer questions 1 and 6 of the inquiry, including an assessment of UK policy in Bahrain and the Gulf region. Bahrain is the clearest case study of the UK’s contradictory and controversial foreign policy in the region following the events of the Arab Spring.

**What do you foresee are the key changes needed, or likely to come anyway, in Western, and especially UK, policy and perceptions towards the region?**

1. In 2012, the UK began its technical assistance programme to Bahrain, providing support to the latter’s promises of reform following the government’s brutal response to Arab Spring protests in 2011, which witnessed torture and killings in police custody, unfair trials of civilians by military courts and extrajudicial killings. The UK has since administered over £5m towards projects which, on paper, aim to promote human rights, reform the justice system, establish oversight mechanisms and facilitate the inclusion of civil society.

2. However, BIRD has found these projects to be severely lacking in transparency and accountability, and have led the Foreign and Commonwealth Office (FCO) to make poorly substantiated claims of human rights process, which the Bahraini government, with FCO help, have used to whitewash abuses.47 There have been no conditions attached to these projects, and Bahrain is no closer to fulfilling international human rights standards. UN human rights special procedures have not been allowed to visit the country, despite seven outstanding visit requests.

3. The UK’s current approach has failed to address the situation in Bahrain. Over the past six months there has been an unprecedented crackdown on civil society in Bahrain in a manner unprecedented since the Arab Spring events of 2011. This has been subject to mounting international criticism.48 Recent developments have included:

   - Prominent human rights defender Nabeel Rajab currently faces up to 15 years’ imprisonment on expression-related charges for comments made on the social media platform Twitter in 2015. He faces an additional year in prison following the publication of his opinion piece by the New York Times, *Letter from a Bahraini Jail*.49

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47 A detailed analysis of the technical assistance programme can be found in our report, *Tinkering Around the Edges: British Foreign Policy in Bahrain 2011-2016 (June 2016)*.
49 [http://www.nytimes.com/2016/09/05/opinion/letter-from-a-bahraini-jail.html?_r=0](http://www.nytimes.com/2016/09/05/opinion/letter-from-a-bahraini-jail.html?_r=0)
Secular opposition politician Ebrahim Sharif was charged with inciting hatred against the government after giving an interview to the Associated Press in which he criticised Prince Charles’ November visit to Bahrain.  

The leading opposition group and largest political society in the country, Al-Wefaq, was suspended and then dissolved in July 2016. In the 2010 elections they won over 60% of the vote. An appeal against their dissolution was rejected in September.  

There has been an increased campaign of harassment against Shia religious figures, including against Sheikh Isa Qassim, the most senior Shia cleric in the country, who was rendered stateless. Since June, over 60 clerics have been subject to questioning and prosecution for their sermons and participation in protests. In August, five UN special rapporteurs called on Bahrain to end its “persecution of Shias.”  

The village of Duraz has been subjected to a physical and internet blockade since 20 June 2016, when peaceful protests began against the revocation of citizenship of senior cleric Sheikh Isa Qasim. Authorities have attempted to limit participation in the assembly by threatening protesters and restricting access to the village; the community of 20-30,000 have been collectively punished as a result.  

Over 20 human rights activists have been banned from travel, preventing them from engaging in international human rights events and attending two sessions of the UN Human Rights Council in June and September.

4. These developments were preceded by five years of security-oriented policies in Bahrain and the introduction of new laws criminalizing free expression, association and assembly. They undermine the April 2016 FCO Human Rights & Democracy Report, which lists Bahrain as a Priority Council, and states: “Overall, there was progress on human rights in Bahrain throughout 2015, although challenges remain. The government of Bahrain continued to take steps to implement its human rights and political reform agenda.” While the report’s finding preceded the listed events, that the FCO did not register these developments nor anticipate the escalation of human rights violations, in spite of the UK’s strongly-felt role in the country since 2012, represents a failure of the programme.

5. It is clear that Bahrain is not improving or addressing its human rights record, despite continued UK government praise. UK government policies towards the country have been unsustainable and counterproductive, allowing Bahrain to continue rights violations with impunity. In June 2016, the UN’s Special Rapporteur on Torture stated that the UK is allowing Bahrain to act with “impunity” as it “considers itself shielded” from international scrutiny.

6. Regardless of stated intentions, the UK’s technical assistance package has thus largely served to undermine human rights and reinforce the status quo. The current crackdown is not a surprising development, but the logical conclusion of five years of Bahrain state policy focused on enlarging the security apparatus and

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50 http://bigstory.ap.org/article/53f332c427174d308c75927b659d421a/bahrain-opposition-leader-fears-whitewash-crackdown


52 https://www.buzzfeed.com/alanwhite/un-torture-expert-says-britain-should-pressure-bahrain-to-al?utm_term=.hwBO21xjEm#.npRq7v01QR
restricting civil and political space. The underlying causes of the Arab Spring events of 2011 have gone unmet.

7. The UK is becoming increasingly isolated with its overt support for Bahrain. The escalation of human rights violations in 2016, after four years of British government support, should compel the UK to re-evaluate its approach to Bahrain and the Gulf states. Instead, the UK government has increased its reassurances towards Bahrain and its neighbours, expressed in a series of high-level royal and ministerial engagements in the country, including Prince Charles’ recent visit at the request of the FCO.53

8. The new Royal Navy base HMS Juffair can be seen as a creation of a hard power asset in the country. The announcement of the base in 2014 caused unprecedented anti-British protests in Bahrain. The vast majority of the construction project has been “gifted” by the Bahraini government, which can be seen as guaranteed political support and damages the UK’s ability to leverage for human rights reform.

9. The UK has maintained that its special access relationship with Bahrain is vital to promoting human rights causes through soft, or private diplomacy. The worsening human rights situation, after four years of deep UK involvement, shows that this policy has not worked.

What are the prospects for enhancing human rights in the region?

10. The negotiation of new free trade agreements (FTAs) resulting from the UK’s decision to leave the European Union can be seen to offer a renewed opportunity to reinvent their human rights policy in Bahrain.

11. From an economic perspective, Bahrain is the least important trade partner within the GCC, having the smallest economy, and currently experiencing a downturn. In 2015, bilateral trade with Bahrain was just 2% of the total trade with the GCC. Although it is speculated that the Prime Minister’s visit to Bahrain to participate in the GCC leaders’ summit will be an opportunity to explore a UK-GCC FTA, the UK is in a better bargaining position if it were to conduct itself through a series of bilateral agreements. Under this framework, it is feasible that human rights protections can be added as an increased method of leverage.

12. There is currently no political will in Bahrain for serious human rights reform. This is clear from the state’s policy and escalation in rights violations. As it stands, a continuation of UK policy through the technical assistance programme and through soft power diplomacy offers little prospect for enhancing human rights in Bahrain.

13. BIRD provides the following recommends for the consideration of the International Relations Committee to the UK government:

53 Recent visits to Bahrain have included the Secretary of State for International Trade and the Minister of State for Europe and the Americas, whose audience with the King of Bahrain was disclosed as a personal visit.
● To revise and strengthen the human rights aspect of foreign policy in Bahrain and the Gulf region, and use it as a conditionality for current and future trade and defence relationships.
● To suspend funding, support and training assistance to Bahrain until substantive and measurable reforms are met, including a visit by the UN Special Rapporteur on Torture and ratification of the Optional Protocol to the Convention Against Torture.
● To set clear conditions and timescales for the Government of Bahrain within the technical assistance, with repercussions if the conditions are not met.
● To publicly acknowledge and criticise negative human rights developments in the country, and call for the release of detained human rights defenders, journalists and political opposition.
● Reject the “gifted” construction of the naval base and construct it using UK state funds, to avoid the perception that military relations mean guaranteed political support.

Submitted 18 November 2016
This paper offers additional information raised by members during the evidence session on 14 December, at which BBC World Service gave evidence.

“We heard from young people in the region that the BBC is one of the most trusted, if not the most trusted, news and media outlet in the region. How challenging is it for the BBC to work in the region? How you would like to develop the service in the region over the next few years?”

The challenges for the BBC in the region were covered during the evidence session. In terms of developing the service, following additional investment from the Government covering the period April 2016-March 2020 agreed last year, the BBC announced in November its biggest expansion of the World Service since the 1940s.

The expansion plans will bring independent journalism to millions more people around the world, including those in places where media freedom is under threat. It is also about transforming the World Service by investing for the future. As audiences consume news in changing ways, with many services now digital-only and TV audiences still growing, World Service will speed up its digital transformation and will continue to invest in video news bulletins. There will be a particular focus on increasing audience reach with younger people and women.

As well as launching eleven new language services and enhancing World Service English, the expansion includes plans to enhance existing services to some regions including the Arab world, Africa, Russia and surrounding countries. Plans for the Arab world are aimed at enhancing the provision of content for the geographically diverse audience in the region on TV, online and radio, as well as expanding the newsgathering operation.

There will be investment in the Arabic service’s digital offer and the existing TV and radio output will be strengthened, particularly through regionalisation for North Africa and the Gulf. Radio enhancements will include the launch of Radio Maghreb in 2017 and a focus on the Gulf in the dawn programme. TV will see new programmes including documentaries also produced in digital and social formats as well as a re-vamp of the evening daily news bulletin. The main objective is to reach new audiences with a distinctive and dynamic range of output across all platforms.

An enhanced newsgathering network covering North Africa and the Gulf will include new specialist regional correspondents, a new bureau in Tunisia and an expanded bureau and staffing in Beirut including a bi-lingual Iran correspondent. BBC Arabic’s output will also enhance the wider BBC’s coverage of the region, and the wider BBC’s audiences’ understanding of both the complex issues and the stories of everyday life in the region, through the sharing of material, expertise and specialist bilingual (and in some cases, trilingual) staff. The new and enhanced services will help World Service achieve its audience target of 500 million, enhance the BBC’s position as the greatest global news provider and enable the BBC to connect and engage with audiences in a global conversation.

Submitted 04 January 2017
This paper offers additional information and clarification on a few of the issues raised by members during the evidence session on 14 December, at which Adrian Chadwick, Regional Director for MENA, gave evidence.

1. UK Soft Power in MENA

1.1 The UK is one of the big international players in the region. However, the UK’s Soft Power in has seen a slight decline over a number of years. Globally, the UK has dropped to fourth place in the Monocle Soft Power survey 2015/16\(^{54}\), from third the year before. In MENA, the UK is ranked as the fifth most trusted ally amongst Arab youth in the 2016 ASDA’A Burson-Marsteller Arab Youth Survey\(^{55}\), behind Saudi Arabia, UAE, US and Egypt. In the same annual survey, respondents have also not placed the UK in the top five countries they would like their own nation to emulate in the last four years. In addition, the British Council’s Trust Pays\(^{56}\) research reported that Saudi Arabia had the lowest level of trust of the UK of the ten countries in the world that we surveyed.

1.2 There are complex reasons for this, including history, politics, and personal experiences. But it is also important to note that the soft power landscape is competitive, with global powers spending increasingly more on their soft power activities. China, Russia and Turkey are increasing their presence in the MENA region. The British Council’s Influence and Attraction\(^{57}\) report from 2013 lays out the soft power landscape as it was at that time, and an updated version of this report will be available in 2017. From our experience, we know that it is more competitive than ever, and our soft power is at risk.

1.3 The UK is therefore at a critical moment, as is the British Council. Demand for the work we do in MENA has never been higher. Governments have never been more committed to up skilling their populations, responding to the demographic and employment challenges, investing in science and research, promoting enterprise and job creation, and ensuring English language levels are high across the region.

2. British Council’s Evolution in MENA Post-Arab Spring

2.1 In the years following the Arab Spring, there have been a number of challenges for the region, for those countries that underwent a revolution and for those that did not. There continues to be on-going violence in Syria, Iraq, Libya and Yemen; the refugee crisis is putting pressure on host countries across the Middle East; the rise of ‘Daesh’ has led to increased risk of violent extremism and terrorism being enacted in the region; and all of this is compounded by low oil prices.

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\(^{56}\) [https://www.britishcouncil.org/organisation/policy-insight-research/research/trust-pays](https://www.britishcouncil.org/organisation/policy-insight-research/research/trust-pays)

\(^{57}\) [https://www.britishcouncil.org/organisation/policy-insight-research/research/influence-and-attraction](https://www.britishcouncil.org/organisation/policy-insight-research/research/influence-and-attraction)
2.2 There is also a positive picture. Young people may have lost the space for voice and influence that was created in 2011, but they are now in the process of re-finding this. The region has seen an increase in more authentic civil society. There is also greater political will to upskill young people and build more enterprise. These lay the foundations for stronger relations between the UK and countries across MENA.

2.3 The operational challenge for the British Council in MENA since 2011 has been immense. Given the evolving security situation in countries like Libya and Syria we evacuated hundreds of staff from different locations. We believe that it is important to strike the correct balance between providing a duty of care to colleagues, partners and customers, and responding to need in the countries we work in, ensuring we remain open for business wherever possible. Today, we are open in all countries across the region including Syria, Libya and Yemen, although several operations are running on a small skeleton staffing team.

2.4 We revised our strategy in 2011 to align better with UK long-term interests and the needs presenting themselves in the region. We allocated an additional £1 million to activity in MENA and chose to focus our funding, people and resources to priority countries and large multi-year programmes. We are currently prioritising our response to the Syria crisis, our work in North Africa (Maghreb and Egypt), the UK’s relationship with Saudi Arabia, and work in Iraq.

2.5 Over two years we halved the number of smaller projects we were undertaking to increase impact from major programmes. Our strategy now aims to engage at three levels across the priority countries:

2.6 **Systemic Reform:** This work focuses on reforming education and training, connecting employers to education and training, supporting greater participation for women, and improving citizen-state dialogue.

2.7 **Providing Positive Pathways for Millions of Young People:** We recognise that systemic reform takes time and there are currently millions of people in need of skills support and outlets for expression. We provide these positive pathways through debate, dialogue and English skills.

2.8 **Providing Platforms and Training for MENA’s Future Leaders:** We also recognise the disproportionate influence, and future influence, of emerging leaders across civil society. We aim to engage with them and offer them the skills needed to contribute successfully to society.

2.9 This work is all underpinned by our digital work. MENA is one of the most digitally connected regions in the world: 7% of young people in the region now getting their news from newspapers (down from 62% in 2011), compared to 45% from online news and 32% from social media. We are responding to this and now 70% of our digital content is in Arabic, and all our websites are bilingual or trilingual.
3. The Future of UK Soft Power

3.1 The UK should increase investment in soft power approaches in parallel to traditional projections of power and influence. This will provide the UK with an effective and agile foreign policy that can appeal to broader constituencies in the region, and put the UK in a better position to support and influence the region’s long-term direction at a time of critical change. The British Council stands ready to support such an approach.

3.2 The British Council welcomes the increased attention and commitment that has been given to soft power in recent years. There have also been examples of excellent collaboration at post and in Whitehall, such as collaboration on the Next Generation IAF programme in the Gulf.

3.3 However, there remain significant challenges in the region, and soft power can play an even greater role in supporting countries there to alleviate them. While funding has reduced in the region, the scale of the challenge has increased, in terms of a burgeoning youth bulge, and the security situation.

3.4 In response to the British Council’s Spending Review proposals in 2015, the government committed to enabling the organisation to bid competitively for up to £700 million from a cross-government fund to improve links with emerging economies, help tackle extremism globally and support good governance. We have been working with the FCO and other Whitehall partners on the details of this fund and we aim to bid into it when it’s launched. We are planning bids that would significantly expand our impact in the MENA region including around helping to prevent violent extremism, supporting good governance, and responding to the crisis in Syria.

3.5 The British Council’s funding for developed countries globally is set to reduce to £0 by 2019-20, as by then all of our government funding will be classified as development assistance. This will create significant challenges for the organisation in maintaining its impact in the developed world. This includes developed countries in the Gulf. The British Council is committed to contributing to the government’s aim of a more globally engaged and influential UK and, as such, believes that maintaining and strengthening our relationship with these countries will be more important than ever.

3.6 On a general note, it is hard to respond to long-term issues, at scale, when bidding for funds with much shorter time lines. The UK would benefit from clearer long term approaches and funding streams for soft power activity, and integrating soft power approaches into its overall policy towards the region, investing in engaging with youth, civil society and education and skills over the long term.

4. British Council and Arabic Language

4.1 The UK lags behind international competitors in language learning and intercultural skills. The British Council creates opportunities for UK learners to develop their language skills by providing real-life global connections.
4.2 While English has emerged as the dominant international language of the 21st century, it is vital for the future prosperity of the UK that our population also speaks other languages.

4.3 Competence in modern languages is essential for increasing trust, trade and engagement between and within societies. Multilingualism improves individual workers’ employability and job mobility while offering businesses the tools they need to expand into new markets.

4.4 Our international competitors are significantly ahead of the UK in developing the language and intercultural skills needed to build the trust on which success in global markets depends.

4.5. Languages for the Future58, a strategic analysis of the UK’s language needs undertaken by the British Council, used a range of economic, diplomatic and cultural indicators to identify the ten languages that will be key to the UK’s future success. Arabic was judged the second most important language.

<table>
<thead>
<tr>
<th>Most important languages for future of UK security, prosperity and influence</th>
<th>Top ten languages of the UK’s current most important export markets (excluding English)</th>
<th>Languages for cultural, educational and diplomatic purposes</th>
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<td>1 Spanish</td>
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<td>5 German</td>
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<td>10 Japanese</td>
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<td>Farsi</td>
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*Arabic was also judged useful for high growth markets, such as Egypt, Saudi Arabia and United Arab Emirates.

4.6 Arabic in the UK: In 2010 there were some 20,000 Arabic speakers among London schoolchildren, making Arabic the sixth most commonly spoken heritage language in the capital. This number is increasing. Approximately four per cent of English secondary schools teach Arabic, often as an extra-curricular subject. It is also widely taught in the 172 schools belonging to the Association of Muslim Schools and in the supplementary sector. Arabic was first offered as a GCSE subject in 2002 with the number of entries rising by 82 per cent to 3,236 in 2012, making Arabic the eighth most popular language at GCSE. A-level Arabic was also introduced in 2002 and had 299 entries, rising to 604 in 2012, making Arabic the tenth most popular language at A-level. Arabic is offered at degree

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level by 15 UK universities. Only one per cent of the UK’s adult population report that they speak Arabic well enough to hold a conversation.

4.7 **British Council and Arabic:** We have been working to support the teaching and learning of Arabic for eight years, supporting an annual conference for teachers. Since 2012, with support from the Qatar Foundation and Mayor of London’s office, we have funded research into the state of Arabic teaching at school level in the UK; supported pilot schools and their clusters to introduce or extend Arabic and supported a teacher CPD programme run by Goldsmiths University of London.

Submitted 04 January 2017
The British Council – Written Evidence (MID0004)

The British Council in MENA – a bridge between the UK and the Middle East’s next generation.

1. Our presence in the Middle East and North Africa (MENA) dates back to 1938, when the first overseas office was established in Egypt. Today the British Council has a presence in 17 MENA countries, with work delivered by 1,600 employees. We maintain operations in conflict-affected countries of Libya, Yemen and Syria working through locally engaged staff.

The British Council’s strategy in the region focuses on:
- systemic reform that drives improvements in education systems, strengthens public institutions and builds capacity, by working in partnership with governments and institutions;
- offering positive pathways to young men and women, by developing skills and providing access to English, and creating opportunities for young people to be heard within their communities, online and through debate; and
- working to develop and provide safe platforms to future leaders, by developing and supporting networks of young people who want to make a positive difference to their societies.

We are responding to the following questions set out in the inquiry’s terms of reference:
- What are the main concerns of the younger generation?
- How is a younger generation throughout the region interacting with politics?
- What are the consequences for UK policy of any of the above power shifts and how should it respond effectively to emerging challenges?
- How can the UK’s soft power reinforce or replace its defence posture?

2. The task of pin-pointing the exact concerns, opinions and actions of over 200 million young people from MENA’s 17 countries is fraught with challenges given the region’s dynamics, wealth disparities, urban/rural divide and varying levels of stability. The following statements on the region’s young people therefore only claim to provide a general, broad-brush view based on our experience on the ground, and acknowledge that huge variation exists across the region, from country to country, community to community, and individual to individual.

The young generation’s main concern is a more secure future

3. As an organisation that has been working with the region’s young people for nearly 80 years, we have identified several interrelated concerns linked to stability, namely: lack of employment opportunities and access to livelihoods; lack of adequate skills to compete in the global jobs market; limited space to participate in, and contribute to the development of their societies; and limited reforms in area of women’s rights and access to opportunities for women and girls.
4. Young people’s primary concern is employment at a time when the state, as a result of the substantial rise in the youth population and lower oil prices, can no longer provide them with a secure future through public sector jobs and subsidised living costs. Unemployment (estimated at 30% of the region’s youth population)\(^{59}\) and the rising cost of living are consistently identified as the top challenges faced by MENA youth in opinion polls since 2011\(^{60}\).

5. Young people feel their future aspirations are stifled; without adequate income, a rising number are unable to afford to leave home, get married and start their own families.

6. This ‘millennial’ demographic is increasingly educated, likely to have studied or worked internationally, and is digitally savvy and engaged.\(^{61}\) This gives them increased awareness of how limited their life prospects are compared to youth in other parts of the world, and intensifies their frustrations and anxieties about their future as a result.

7. Generally, MENA’s education systems are not adapted to fulfil the needs of the global labour market\(^{62}\). Despite high investment in education, academic standards lag behind the rest of the world, as evidenced by repeatedly low PISA and TIMSS scores.\(^{63}\) Data-driven career advice is limited, with the consequence that young people opt for established academic courses over vocational and technical study or university courses that might lead to better employment prospects.

8. Young people are also highly concerned about regional security, in particular Daesh and the escalation of sectarian conflicts. Polling indicates they are broadly united against Daesh. However, they are divided over Iran’s military role in the region, and view the Sunni-Shia split as the main driver of conflict\(^{64}\).

9. Young people are still eager for greater political representation and freedoms; however they prioritise stability over democratic reforms after the post-2011 upheavals.

10. They are keen to connect with Western culture while at the same time keeping in touch with traditional influences such as religion and Arabic

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\(^{59}\) ILO’s Global Employment Trends for Youth 2015
\(^{61}\) PWC, Millenials at Work; Reshaping the workplace, 2011.
\(^{63}\) International tests comparing level of academic attainment in reading, mathematics and science at schools worldwide; Carnegie Middle East Center - [http://carnegieendowment.org/files/school_climate.pdf](http://carnegieendowment.org/files/school_climate.pdf)
culture; more and more young people, especially in the Gulf Cooperation Council (GCC) states, are seeking the ‘best of both worlds.’

**Young people are interacting with politics through civil society and social media**

11. Instead of mobilising directly against authority as in 2011, there are signs that young people are now taking a more gradual and targeted approach to reform, seeking to address specific issues at a community level, rather than a wholesale change of the system.

12. Civil society is an important outlet for youth who are seeking change. Civil society organisations (CSOs) and NGOs have grown significantly since 2011. Millennials are leading and organising many CSOs, motivated by the need to address unmet social, political, economic or cultural aspirations.

13. Young people are also starting to use civil society to cooperate across political divides. Most NGOs and CSOs have loose structures and governance; their affiliations cross traditional political, ethno-religious, tribal and business groupings.

14. Indeed, in Syria the British Council is supporting civil society activity of this nature. The ‘Mobaderoon’ (‘Initiative Takers’) CSO network is a 4,000-strong community active inside regime and rebel areas, and displaced communities in neighbouring countries. Since 2011 the network has delivered more than 100 social action projects that address local needs, including social and financial education for children, women’s economic empowerment, community peace-building, psycho-social support and restorative justice.

15. Young people in the region are heavy users of social media, particularly in CSO work. Surveys indicate they view social media positively, as enhancing their quality of life, business profitability, job prospects and government interaction with the public.

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65 AMRB: Creating a decade of insight in MENA 2012
66 Iraq’s ‘Mustamiroun’ and Lebanon’s ‘Beirut Madinati’ are two examples of civil society movements using new, more targeted methods to bring about change; Mustamiroun was born out of the 2015 summer protests against poor governance in Iraq, and has campaigned successfully on replacing sectarian appointments to government with technocratic ones; ‘Beirut Madinati’ mobilised around the poor provision of rubbish collection, and made heavy inroads against traditional political parties in the 2016 municipal elections, Protest groups signal shift in Middle East politics, Oxford Analytica, August 2016 https://dailybrief.oxan.com/Analysis/DB213067/Protest-groups-signal-shift-in-Middle-East-politics;
16. Social media and CSOs are allowing women to play a greater role in public life and debate. However, they lag behind much of the world in terms of their social and economic autonomy, labour force participation, political representation and health. Post-2011, a number of reforms to address these issues have emerged in Saudi Arabia, Jordan, and Tunisia, but there is still much to do.

The UK can support positive regional change by increasing its engagement with young people and civil society; supporting systemic education reform; and meeting the demand for quality education and skills

17. Millennials represent nearly 40% of MENA’s total population. In the GCC, this figure is 60%. The youth demographic has greater significance than in previous generations due to their larger size and relatively high education.

18. The demographic ‘youth bulge’ will begin to correct itself by 2025, thus presenting the UK with a relatively small window of opportunity in which to deepen its engagement among them. Doing so will help the UK develop long-term strategic interests beyond existing elites.

19. Economic and social development of the region requires long-term engagement from developed economies like the UK. Young people will need access to quality, relevant education, 21st century skills and English to meet their aspirations.

20. The UK education sector is well regarded in the region, and is trusted to provide education in the skills that the region’s young people are looking for. Engagement with millennials on these terms is more mutual and therefore enables the UK to build long-term connections, understanding and trust.

21. The UK education sector now has the opportunity to step up its engagement with the region by plugging into ambitious reform programmes, such as Saudi Arabia’s Vision 2030, Jordan’s National Strategy for Human Resources Development 2016-2025, and Lebanon’s Reaching All Children with Education in Lebanon to improve education outcomes.

22. There is significant opportunity for increased provision of English language training (ELT). Countries in the Middle East and North Africa are in the lowest proficiency bands, and in most MENA countries, English proficiency is not improving. However, it is critical to efforts to revitalise economic growth and improve job prospects. According to the EF English language proficiency index “English is a key driver of economic competitiveness at both the individual and national levels. Higher English proficiency correlates with higher incomes, better quality of life, more dynamic business environments, greater connectivity, and more innovation.”

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70 EF English Proficiency Index, [http://www.ef.co.ae/epi/](http://www.ef.co.ae/epi/)
23. Last year in the region, the British Council taught 85,000 people English and provided over 250,000 with English qualifications. A further 3.1 million use our free Facebook English support platform, and another 700,000 accessed our free online learning tools. However, this represents a small proportion of the demand for English -- a recent survey by Ipsos estimated that 80 million people in the region were learning English either formally or informally. This signals there is space for UK providers of ELT to increase business in MENA markets.

24. The demand in Francophone North African countries for English is growing exponentially at individual and system level\(^2\) as well as in Egypt. We are responding, focusing on quality and teacher development, and working to support the UK to do more\(^2\). For example, in Egypt we are training 37,000 primary school teachers of English. In Morocco the British Council is piloting the country’s first English Baccalaureate. The scale of opportunity is significant, e.g. in Tunisia, the education minister announced plans to ensure that English is taught from primary to secondary levels in schools.

25. Online we have seen an uptake in the number of people applying for Massive Open Online Courses (MOOCs). The UK education sector has an opportunity to leverage this technology to provide greater access to online learning tools and qualifications to young people in MENA. These tools are generally more flexible and affordable.

26. The UK should welcome and encourage interest among MENA youth in studying here. In a survey conducted in May-June 2016, Gulf nationals identified the UK as one of their top three destinations for further education, and their top destination for vocational studies, arts and literature, and science and research\(^4\).

27. As well as supporting the region’s economic transition, UK educational links also have significant benefits for the UK’s influence and prosperity. They add to the academic excellence, attraction and diversity of the UK’s international education system; they also help foster lifelong relationships with the UK, making young people around the world more positively disposed towards us, and increasing influence among future leaders, businesspeople and opinion formers.

The soft power approach can play a core role in UK efforts to tackle instability


\(^4\) Next Generation Gulf research conducted by Ipsos MORI in Qatar, Saudi Arabia and Kuwait in late May, and in Oman in early June 2016.
28. The international community recognises that soft power is key to long-term solutions to instability and insecurity. The activities of non-state actors in building trust, sharing experience and providing opportunities can be particularly powerful in addressing root causes, such as poor governance, social and economic exclusion, and anger at perceived or actual injustice.

29. The British Council sits at the heart of the UK’s soft power response; we tackle the underlying causes of conflict through programmes which: build individual, community and government resilience; provide a ‘safe space’ for dialogue and joint problem-solving between government and civil society; foster trust and understanding between individuals, communities and governments; and create opportunity and positive pathways for young people.

30. Our programmes work at individual level by improving skills and employment prospects, giving marginalised youth a sense of agency, and encouraging creativity and new ways of seeing and experiencing the world. They work at community level by helping build more open and legitimate institutions and stronger communities that have better capacity to prevent and reduce conflict.

31. Examples of British Council-supported programmes that can help achieve these impacts include:

- A language and academic skills training programme for 3,100 Syrian students in Jordan and Lebanon which seeks to address their social and economic exclusion by giving them access to high-quality accredited online higher education courses delivered through MOOCs, and Open University exams.
- A series of debating clubs in schools, universities and youth centres across MENA, which since 2010 has engaged 100,000 young people. It aims to foster a culture of open and inclusive dialogue, and to empower marginalised young people by giving them the skills to influence decision-makers.
- A partnership with Egypt’s Al-Azhar University which has helped almost 1,000 Islamic Studies students learn English, in order to promote and defend their peaceful vision of Islam to English-speaking audiences.
- A youth leadership and community peacebuilding programme in Syria, Lebanon, Jordan and Turkey which builds the capacity of Syrian communities to deal with immediate problems and longer-term transition to peace and reconstruction.

32. This approach contributes to UK security, reducing the medium-to-long-term prospects of conflict and instability in a region of strategic importance, and thereby also reducing longer-term pressure on UK defence capabilities.

33. By investing in cultural, education and people-to-people cooperation and programmes, the UK can build trust and understanding between the people of the UK and MENA, thereby reducing antipathy towards UK people and government policy. Yougov and Ipsos MORI surveys show a correlation between participating in cultural relations activities with the UK and increased trust in the UK75.

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75 Saudi Arabia, Yougov survey, 2010; Turkey Pakistan, Ipsos MORI surveys, 2011.
34. Cultural and education actors are able to build trust and take effect because they work over the long term, and operate independently at arms-length from government.

35. Cultural interventions and exchange are widely seen as a core tool of the UK’s international engagement. Post-EU referendum the UK will benefit greatly from an integrated policy approach that includes soft power approaches where relevant.

36. The UK should continue to invest in soft power approaches in parallel to traditional projections of power and influence. This will provide the UK with an effective and agile foreign policy that can appeal to broader constituencies in the region, and put the UK in a better position to support and influence the region’s long-term direction at a time of critical change.

Submitted 18 November 2016
Professor Kerry Brown, Director, Lau China Institute, Kings College London (QQ 49-54)

Professor Kerry Brown, Director, Lau China Institute, Kings College London (QQ 49-54)

Wednesday 30 November 2016

11.30 am

Members present: Lord Howell of Guildford (Chairman); Baroness Coussins; Lord Grocott; Lord Hannay of Chiswick; Baroness Hilton of Eggardon; Lord Inglewood; Lord Jopling; Lord Reid of Cardowan.

Evidence Session No. 6 Heard in Public Questions 49 - 54

Witnesses

I: Mr Henry Wilkinson, Head of Intelligence and Analysis, Risk Advisory Group; Professor Kerry Brown, Director, Lau China Institute, Kings College London.

Q49  The Chairman: Thank you very much for joining us this morning. I will explain the context in which we want to pick your brains and share some thoughts with you. I should first formally explain that this is a public session, which is being recorded. There will be a transcript, which will be made available to you. If you want to make changes or add to it, you are entitled to do so. In our discussion, if a question goes to one of you but the other would like to chip in, please feel free to do so. We are running it on a fairly relaxed basis.

The Committee is looking at the changing pattern of power in the Middle East and the implications for the UK, wrapped up with the implications generally for the UK with its potential new status as non-EU member. Even more, we are looking at the way in which the whole Middle East region is subject to entirely new forces. One that tends to be forgotten in the Atlantic centres and western press but is rising fast is the influence of Asia and the fact that the Middle East is looking east rather than west. Most of its resources and output from hydrocarbons are going eastwards. The great powers of Asia, which are now becoming the centre of the world’s economic advance, face an increasing dilemma and an increasing policy task with their relations with the Middle East. Notably, what does great China think? For years, we have been getting the standard answer from Beijing: “We don’t interfere with other people’s foreign policy”, and this, that and the other. Now suddenly that is no longer matched to the reality: China is involved. Let me ask you both—we will start with Mr Wilkinson, but please come in as well, Professor Brown—what about China and the Middle East now? How does China view the region in reality, as opposed to its official line of not interfering? It obviously is interfering. All its oil comes from the region. Stability of the region is important to it and it has its own internal Islam-related problems. How do you think that China is changing now in the face of all this? That is a big question, I am afraid.
Henry Wilkinson: Thank you for having me. That is a very big question. I suppose in the grand geopolitical scheme of things, it is inevitable that sooner or later China will have to engage and it is engaging. It is a major trading partner, interestingly, for Saudi Arabia and Iran, which are regional rivals. I think that China views the region in the first instance economically—it is a major market, it abuts major trading routes through the Indian Ocean, which is critical for China’s exports, it is a major source of energy, for which China has huge demand, and it is an important market for Chinese products and Chinese labour. China’s principal interest is to maintain as best it can stable and secure markets so that it can ensure that its energy requirements are supplied and so that it can maintain a stable place to which to export and to facilitate economic growth, which is a key issue in China. That is a very broad picture.

The Chairman: Professor Brown, would you just give your summary answer on that question as well?

Professor Kerry Brown: In the last 30 or 40 years, China has, remarkably, been able to maintain pretty positive relations with almost every country or partner in the Middle East. In Israel and the Occupied Territories, it has been able to maintain good relations with both. The issue now with the Trump presidency is that China is aware that, as Henry just said, it has significant economic and resource interests in the Middle East but is desperate to avoid being put in a position of having to take political or security leadership. It does not mind that in its own region—it wants to create spaces in the Asia region to have more dominance—but it knows that the Middle East will sap its diplomatic and political capital and that it has no real expertise. It does not want to be sucked into conflicts potentially with Russia, which is a big player there, and it does not want to be used by different parties or countries in the region in order to recruit it to their political purposes. It is very resistant to having a more dominant role, but it might have to have a more dominant role because of its material interests.

The Chairman: How does that match with the fact that China is taking its own initiatives to spread investments through the One Belt, One Road system right through central Asia and, according to the maps that we are shown, not only right into the Middle East but right into the heart of Europe? This is an initiative that the Chinese leaders keep proclaiming as their main aim. How does that match with not wanting to be involved? It does not make sense.

Professor Kerry Brown: It makes sense if it is linked to China’s material interests—its resource interests and its investment. The further you get from China, the more it loses interest in security and political roles that do not directly relate to its investment and resource interests. I do not know whether that makes sense. Since 1978, China has benefited from being part of a global, rules-ordered, predictable environment and it still buys into that, but it does not really buy into the underlying American-led political or security narrative; it does not buy into those values. It sees the Middle East as a place where its resources and potentially its investments are important and it will do what it can to protect those, but it does not feel that it should have a stronger role in giving leadership to sorting out some of the diplomatic and political problems in the Middle East. In conclusion, it is really self-interested in the way in which it behaves and, the further you get from China and its immediate areas of interest, the more brutally self-interested it is.
Lord Reid of Cardowan: I understand what you are saying, which is the desire of the leadership to benefit from, spread and deepen its commercial involvement but to stay out of security and political involvement, but is it not the case that, up to this moment, they have had the advantage of being able to do that? The more they have global interests—in this case, in the MENA area—and the more they have material circumstances on the ground in which they have invested commercial interest, which will presumably grow hugely, the more there is the compulsion to protect those. This happens with all empires. You could argue strongly that it is why the United States has, for the past 40 or 50 years, been in the Middle East to such an extent, as it has been utterly dependent on commercial products. On oil, with China becoming hugely dependent on oil from the Middle East, on investment and on land in some of the areas of food production, this becomes a domestic issue, because it is part of China’s national interest. It is not that it wants to intervene, but it wants to protect. Over the next 10, 20, 30 years, how sustainable is the view that you could expand your commercial interests in these areas yet avoid at least the security aspect of it?

Henry Wilkinson: It is a very interesting question. The core of it relates to something that was said earlier, which is what getting involved means. We have the very western conceptualisation of getting involved in powers and we need to entertain the idea that China may have a very different idea of what that entails. Western foreign policy, in particular US and British foreign policy, in the Middle East over the years has come with certain baggage; certain terms and conditions have been attached to those transactions and relationships. China thinks of these things, it seems to me, quite differently. Its policy of non-intervention in sovereign matters has been a cornerstone of what it does. That is something that autocratic Governments appreciate and, when we look across the Middle East, we are looking mostly at autocratic Governments.

Lord Reid of Cardowan: Sorry to push on this. I understand that completely and I am not suggesting that they are going to try to impose their values. But many of the interventions, not just in the Middle East but throughout the world, by the western powers have been precisely in order to protect their investments in those areas, going back to Muhammad Ali and the effects on Egypt, with the threats that brought the French and the British to protect their investments in that area.

Up to this point, of course, China has not had that particular interest; it has not had the connection between its foreign and commercial interests. If, for instance, some of those commercial investments were to be threatened by a Government, is it sustainable to take the view that the Chinese will have an unalloyed non-intervention policy, when that directly affects their interests?

The Chairman: Let me add as a codicil that that has already happened. China is the largest investor in Iraqi oil; it has vast interests there. Are the Chinese just watching Mosul as somebody else’s show, or are they wanting to involve themselves in the Mosul drama?

Professor Kerry Brown: The rhetoric of non-intervention ceased a long time ago. What the Chinese Government say and what they do are always different. How can you have the five principles of peaceful co-existence from the 1950s now that you have assets all over the world that you need to protect? There are a number of tactics. The Middle East is part of a Chinese world where they have

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a lot to lose in different spaces and different places; it is just part of that global story. As the Chinese rise to being predominant, which they clearly want to be, at least in the region, their priorities change. But their regional priorities are the most important and, although the Middle East is part of that story, they do not want to risk their central commitments. That is the most important thing.

Secondly, their resource needs are important—20% of their energy comes from oil and half of that is imported from the Middle East, so it is very important for them, but they want to diversify. They want to get away from this addiction, although it is not easy to do that quickly. Thirdly, tactically—with the Iran nuclear deal, for example—they want to take part in things multilaterally so that they are not exposed. They want to avoid exposure; that is the core thing. Multilateralism means, for example, that the Chinese vetoed the UN resolution on Syria because the Russians stepped in first. They do not want to take a step that makes them exposed.

Lord Reid of Cardowan: It was also because they felt cheated in Libya.

Professor Kerry Brown: Yes. Finally, there are their policy pronouncements on the Middle East. When Xi Jinping earlier this year, I think, went to the Middle East—to Egypt, Saudi Arabia and Iran, which are the key partners—the State Council produced a paper on the Middle East, but it was a very thin document; it had very few concrete policies in it. The Chinese have produced much more complicated documents about the European Union; they have produced two White Papers on the European Union, in 2004 and 2013. From this year’s White Paper, you can see that they do not want to spell out clearly what they might want. They do not want to be exposed; they want to protect their interests. You are probably right that, as we go down the line in five or 10 years’ time, especially if the Trump Administration withdraws as much as it says it is going to, they are almost certainly going to have to commit more and more and to put more risk mitigation into their engagements with the Middle East.

Lord Hannay of Chiswick: Surely they have already discovered the limits of non-intervention in Sudan, where they invested a lot in oil and it then became clear that they were about to lose their investment if they did not get involved in some way in the establishment of South Sudan. You would have thought that it was totally contrary to Chinese policy to allow a bit of a country to break away and turn itself into a new country—think Xinjiang or Tibet—but they allowed it. They seem to have responded with a more interventionist role when they sent troops into South Sudan with the UN. The piracy off the Horn of Africa is another example, surely, in which they have allowed themselves to be drawn into a security relationship that they probably would not have thought of off their own bat. That goes very much in the direction of what you are saying: they may want to uphold the five principles, but they are being gradually drawn into things that are a bit different.

Professor Kerry Brown: It is a strategic question for us—Europe or the UK—because clearly there are ways in which China has to get involved and we may be able to work with some of those. China is very aware of its knowledge deficit, its lack of experience and its exposure. We would sometimes regard Chinese involvement as problematic but, as the Iran non-proliferation deal showed, it will be positive in some areas. In the Middle East, China has extensive networks that are relatively unpoliticised. It has always been regarded as a bit of an honest broker. We would be comfortable working more deeply with China in those areas,
although we know, deep down, that it does not subscribe to the same kinds of principles of international behaviour that we might feel that we do.

The Chairman: Mr Wilkinson, do you want to add to that?

Henry Wilkinson: There are some signs that China is taking steps to take on a more engaged role. It seems to be mainly under the umbrella of multilateralism. The base in Djibouti is part of a joint initiative to counter piracy, with the aim to protect China’s critical interests in those sea lanes. We know that China is expanding its role in UN peacekeeping forces; if I am not mistaken, it is the major contributor to UN peacekeeping forces. Again, that provides its military with experience, but under the multilateral blanket, where it is able to maintain a position of relative neutrality.

When you look at what is happening in the Middle East, there are some signs that China is engaging. One of its most senior naval officers—a rear admiral, I believe—went to Syria recently and met the Syrian Defence Minister and the commander of the Russian Tartus naval base. There is obviously some level of engagement and you can see that China’s preference is to support the Assad Government. In that respect, it is taking a line but, at the same time, it is not overtly intervening militarily, because it is trying to make sure that it is not drawn into the Shia-Sunni sectarian divide, which is becoming as much a geopolitical division as it is a societal one in these countries. That is the key point to bear in mind: the tectonic movements in the Middle East, in terms of the geopolitical risks, are increasingly around the sectarian dimension. There is very little sign that I can see that China has any inclination to get drawn into that conflict. It does not see it as being in its interests to get drawn in. If it looks at the experience of western powers in the Middle East, it will realise that there is probably little that it can do to delineate any outcomes that it wants. By participating, you invariably end up being drawn into one position or another.

It is interesting to look at Israel in the context of the region. If you look at Israel’s policy towards Syria, you see that there is no real policy; it is just, “Stay absolutely quiet and don’t tip anything in either direction”. China has not made that kind of move, but if you take a look back and think about the UK’s role in the region and speak with people there, you get a sense of this question: who is the most credible interlocutor on the geopolitical stage in the Middle East now? Russia is now by default in bed with the Shia bloc—that is a slight simplification—with Iran. America obviously has its position, whereas China is speaking with everybody and is doing business with everybody. There you have it. By not intervening, China is coming to this potentially very influential position where it is able to play a much more positive role. China’s interest is to stabilise the region as much as possible. That is how it sees its economic interests, although I do not know whether it has an idea about how to do that. So far, its non-military approach seems to be paying dividends. Learning from the Libya experience that you referenced is obviously very important, because, as we all know, China backed the wrong horse in that case and that cost it.

The Chairman: We are getting on to the big one, as it were: China and America. Lord Jopling has a question on that.

Q50 Lord Jopling: It would be helpful if you would both speculate, as best you can, on the implications of the new Administration in the United States and suggest to us how you think the new mood in Washington might view what is clearly the increased Chinese commercial and political influence in the
Middle East. You might find it more difficult to accept a greater military role as well—we have been talking about that—but the suggestion has been put to you that the Chinese might be forced to involve themselves in a more military way. The first question is: how do you think the United States Administration will respond to this situation and, conversely, how would China respond to a possible retrenchment of United States influence and participation in that area?

**Professor Kerry Brown:** The Trump presidency generally offers China a huge opportunity, but it also offers a big risk, which is exposure if there are areas in which the United States under Trump withdraws or retrenches. In the region, China regards less intense American interest—or containment, as it believes it to be—in the south-east China Sea and around it as a big opportunity and it will want to fill the spaces that America might leave. We do not know if that will happen under Trump, but there might be less intensity. The rebalancing that the Obama Administration sponsored created very big opposition in Beijing: they felt that their strategic space was being cramped and were very frustrated.

The Middle East is on the Belt and Road Initiative—this enormous Chinese geo-strategic idea of 65 countries, which started off as the new Silk Road and then became One Belt, One Road, which had the unfortunate acronym of OBOR. Then it became the Belt and Road Initiative, BRI, which is rather more palatable. The Middle East figures on that, as does Eastern Europe, partially. The initiative is to create the kind of huge economic region where everyone talks the same language of investment, with China being the principal trading partner and with everyone being very happy with this. It is also to keep America happy—it is only about the economics. Ironically, under Trump, I think he will be hawkish on the economics with China. I do not quite know how the Administration is going to repatriate these jobs which have supposedly gone to China. Apparently, in the phone call between Xi Jinping and Trump last week—their first real contact—there was a lot of speculation on whether Xi Jinping said to him, “We have to get on economically because we can’t walk away from each other; there’s too much integration”.

Because the Middle East is slightly peripheral, apart from the energy interests, which are important, it is a question of the transactional nature of China’s diplomacy. For China, diplomacy is transactional—it is not about principles but about deals. If Trump is a deal-maker, as he says he is, how does the Middle East figure in the deals that matter most to China? How does it give things that are relatively cheap to get things that are relatively useful for it? All the issues of the Middle East or any other peripheral diplomacy to China—Africa, Latin America—are related to how it can do things in those spaces to deliver what it really wants, which is a stronger regional role. A lot of that is about the narratives under Xi Jinping of great nation status and the restoration of China to its status in the world, and at the heart of that is reunification and the issue of Taiwan. The Chinese Government will regard the Trump presidency as possibly an enormous opportunity to deal with that issue. If China looks at the alliance system, the weakest treaty alliance is the Taiwan Relations Act, because it is not with a state—it is with a de facto state entity, from 1979. China will think, “Is America going to stand by that security commitment?” It is not about the military issues so much as China being able to put economic pressure on Taiwan to make it think about a reunification plan, which might take decades but at least it is a start. That is something Xi Jinping said a couple of years ago—“We can’t keep on talking about the economics; we have got to talk about the politics of
Professor Kerry Brown, Director, Lau China Institute, Kings College London (QQ 49-54)

this issue”. If it had been a Clinton presidency, I do not think it would have been as intense an issue, but with Trump for the next year China will look absolutely at the commitment of the United States to Taiwan and relate its actions elsewhere in the world to how it delivers on that deal.

The Chairman: Mr Wilkinson, do you want to add anything on America, and on the idea that the world is just a couple of superpowers, which to us looks absurd—but that is the way a lot of Americans think, and Chinese as well? Or do they?

Henry Wilkinson: To answer your questions as directly as I can, China will see tremendous opportunity in US retrenchment out of the Middle East. In an ideal world for China, the US would retrench completely from the world and the new Chinese-led international order would take root. I suspect that that is what China would really like to happen.

It is very interesting, particularly in the light of Mr Trump’s remarks about the Trans-Pacific Partnership—you cannot help wondering what is happening to the pivot, and whether there is more of a retrenchment going on there as well, with the US handing over two major strategic regions and essentially signalling that it is not committed to either. As far as US interests go, that is a big problem for the United States going forward. There is a question of uncertainty—a lack of resolve and a willingness to abide by commitments, and to stand by institutions that have essentially guaranteed American power and influence since the end of the Second World War. These appear to be unravelling, and America seems to be playing a major role in doing that, in that it started breaking its own rules of the road with the intervention in Iraq and how it was done.

What we are looking at is essentially an opportunity for China to get in to the region, which raises questions around leadership and whether the Middle East will benefit from a new kind of regional leadership. On the one hand, you could say that American leadership has led it down a pretty disastrous path in recent years but what will happen if it leaves?. Yet you cannot ignore America; it is so powerful militarily, economically and diplomatically and it is not the case that it will disappear quietly into the night in the region. But at the same time, it has burned a lot of political bridges over the years; there is a lot of mistrust. Russia is doing the same by having taken such a partisan stance in Syria.

Where does this lead to? I suspect you are looking at a regional order where, if China is consistent in what it is doing, it will probably leave the regional powers to try to sort out the problems as much as possible among themselves. That is quite a troubling scenario, because essentially you are looking at blocs emerging with one led by Saudi Arabia on the one hand, and another with Turkey almost acting as a unilateralist autocratic power in the region, playing zero-sum game politics. Then of course you have a pro-Iranian bloc, which seems very unstable to me. The question is at what point, if America retrenches from the region, it will feel that it has to go back in—so it is not so much a pivot as a pirouette. I suspect that that is probably the scenario we are looking at, because the trajectory of the Middle East at the moment seems to be one of fragmentation, with weakening states and growing autocracy. It is a very unstable picture, and it is not the right time for America to be making dramatic statements on that sort of policy.
The Chairman: Do you think we should draw any conclusions from the glaring fact that Djibouti has an enormous American airbase and an enormous Chinese base within a few miles of each other? Is that a symbol of things to come?

Henry Wilkinson: That is a very interesting question. Quite probably. One question that we have to think about is allies, and whether China has any allies in the region. My understanding—Professor Brown knows more about this than I do—is that China does not think in terms of allies. It thinks in terms of partners, so you are looking at a partner-oriented policy whereby it is collocating in various places. That is a particularly interesting element. China’s interest is in protecting that critical shipping route, and the rest of the world has an interest in doing that too—so it is a mutually beneficial area of military co-operation. In terms of resolving conflicts as complex as what we are seeing in Syria, China’s position seems to be to stick with the incumbent state and back it in all circumstances. It has recently passed a law on counterterrorism whereby, if I understand it correctly, it can militarily intervene in other countries provided that it has the permission of the host Government. So it is giving itself some room to get involved, although we have not seen much yet. It is going to be complicated.

The Chairman: Do you want to add anything to that, Professor Brown?

Professor Kerry Brown: The longest relationship in the Middle East is the one with Egypt—that is the one that has always been a reliable ally. I think that in 1966, Egypt was the only country in the world where China still had an ambassador, Huang Hua, because of the internal dissent. So it has been very dependable, for cultural, security and political reasons, and I guess that everyone speaks a common economic language. That is a noticeable characteristic of China across the world—that any real cultural understanding or sympathy for each other is probably not that deep.

On Syria, China’s position, like Russia’s, was that if you have regime change you will deal with something that is even worse than what you have. It had 37,000 nationals in Libya whom it had to repatriate and it learnt, because of mission creep, to be very wary. It is learning—you mentioned Africa earlier. It has learnt from its mistakes or issues in the past and has become more risk averse, so sticking with the status quo is often what it wants to do. The only other issue in the Middle East broadly is Russia, which is obviously an important player there. We should not be complacent about China’s relations with Russia despite all the nice rhetoric about them being big friends. They have a very long history of most spectacular fallings-out going back centuries, so the Belt and Road Initiative, because of its big role in central Asia, takes China economically right into Russia’s space. The Middle East is also a space where greater Chinese activity will make Russia very nervous. I am sure that Russia’s is a tenth the size of the economy of China; it is really the junior partner. Is it willing to have that kind of relationship in an area that Russia has regarded strategically as its own?

The Chairman: Lord Reid, did you want to come in on this US angle?

Lord Reid of Cardowan: No, I think it has been pretty well covered. It seems to me that the Americans want to get out of the Middle East to some extent, because they now have their own oil and fracking and so on, but they keep being pulled back in. So they are in an equivocal position. In the same way, they want to get out of Europe but keep being pulled back in because of Ukraine and so on. I am more interested in the Chinese, because they are now a pre-eminent world power. Over the next 20 or 30 years, they will reinforce that. Partly because of
their own history and political position, they developed the policy of non-intervention and respect for the sovereignty of states. They have avoided the liberal interventionism of trying to go in for good reasons, human rights and so on. I am interested in whether that is a sustainable position given their increasing commercial interest in the Middle East. I fully accept that it is probably at the outer circle of their interests at present—cyber, rare earths, land ownership and strategic. They have an advantage over the West because they have had the dynamism of the market at the bottom ever since Deng Xiaoping, and longitude in their leadership. They do not have the same volatility, so they can combine long-term planning with dynamism at the bottom. Using their own interpretation of material conditions being the predominant determinant of politics, ideology and so on in the superstructure, I do not see how they can increase those material conditions in their own interest in these areas and stay out of super-structural aspects of politics and so on. To me, that is the most interesting thing about them. Who knows with Trump?

Professor Kerry Brown: That question, broadly, is what a world which had much greater Chinese influence across it would really look like. Clearly, the Chinese do not buy into the value system of the US-led order, so what is a Chinese values-led system? At the moment, it looks highly pragmatic and transactional, and it looks like relations will be built on mutual usefulness. At some point, of course, it is useful to have a deeper commitment from your allies. You are right that China does not have treaty allies—well, it has one: North Korea. With friends like that, you really do not need enemies. It is antagonistic to the obligations that treaty alliances give, but it is parasitical on the global rules-based, predictable order.

Lord Reid of Cardowan: One quick comment on the Americans: if President-elect Trump tries to back off the nuclear deal with Iran and at the same time back off from the American presence in the Gulf states, he has the ingenuity to alienate Shia and Sunni at the same time. If he does both of those, which is his expressed intent as far as I am aware, it must create a huge space, partly for Russia but partly also for the Chinese, who, as you point out, have been dealing very practically with the Iranians as well as with the Gulf states.

Q51 The Chairman: I want to focus a bit more on both Iran and Russia in the next questions, so could we tie up on America? I have one final America question. The Chinese spend a lot of time being antagonistic to Japan and use every opportunity to irritate it, and Japan becomes concerned about what they are doing. Might the fact that Japan is also increasingly involving itself in the Middle East, looking outward, exporting arms and so on, move the Chinese to say, “Well, we should be in on this, too”?

Professor Kerry Brown: On the Iran deal, I think China will be a big supporter of not touching it. It put a lot of political and diplomatic capital into it. Ironically, the best bet that that deal will be sustainable is China’s pressure on Trump. This is the crazy world we now live in, where for climate change and issues such as this, China will be a stabiliser and Washington will be the problem. On the role of Japan, as the great Lee Kuan Yew said, the problem is that China forgets nothing and Japan remembers nothing. You have intense competition in an Asian region that has never had at the same time a strong China and a strong Japan. This framework is very new and we do not know how it will pan out. Abe has been to more countries than Xi Jinping. In the past three years, Xi Jinping has been to some 45 countries and Abe to 65. That shows the proactivity of Japan. But the
bottom line is that China’s economic attractiveness to Middle Eastern partners will be much greater than Japan’s. Of course, Japan will be an important partner, but it will also have to think of ways of balancing that relationship. At the moment, China and Japan are entering a period of being more pragmatic with each other. They were having a terrible time until a couple of years ago, but Abe seems to have come up with a framework in which they can deal with their issues. In the Middle East, I think that, on the whole, they will probably be co-operative.

The Chairman: If we can come to Iran now.

Q52 Lord Hannay of Chiswick: You have partly answered the question that I was going to ask, which was on the Chinese attitude to any attempt by a Trump Administration to nix or dismantle the P5+1 agreement or, at the very least, to withdraw from it. How far do you think the Chinese would go in seeking to preserve the P5+1 agreement, even without the Americans? For example, would they be prepared to use their diplomatic influence with Iran to stay with it? Of course, if Iran drops out at the same time, as a response to the Americans dropping out, there is nothing to preserve. If Iran says, “Okay, deal off. We’re going to start reconstituting some of the programmes that we rolled back”, there is nothing to preserve. How far would China go in pressing Iran to stay with it even without the Americans? To what extent is China able to offset any negative effects from the Americans pulling out in trade and investment terms? Will it become then a major investor in, say, Iranian oil and gas and the things it needs to develop? Perhaps China is not terribly well placed to do that in expertise terms, but not totally incapable of doing it. That is really the question: how far would it go, on the basis that we all agree, I think, with your judgment that it will try to preserve the P5+1 agreement if it can?

Henry Wilkinson: That is a very interesting question. I was contemplating the idea that it is a deal that America withdraws from and everybody else stays in. That would be a very unusual scenario.

Lord Hannay of Chiswick: It is like the sanctions on Cuba, of course.

Henry Wilkinson: As I understand it, China views Iran as an important market and Iran views China as important diplomatic cover and its main diplomatic guarantor—I do not know whether that is the right word, but there clearly is a relationship. As we were saying, China’s interest is to keep the Middle East stable. If that deal were to collapse and Iran were to re-activate its military nuclear programme or a nuclear programme of any sort that could create immense instability. All the questions that we were dealing with would go back on the table. What is the risk of Israel mounting a pre-emptive strike? What is the risk of America mounting a pre-emptive strike? What is the risk of Iran using a deterrent against the Gulf states and the oil interests? We were grappling with all those questions before the deal and they would go back on the table. I suspect that China would be very keen to avoid that scenario.

I was in Washington recently talking about this. What is interesting and unusual is that we find ourselves in the curious position where we probably know more about Iran’s intention than we do about America’s, when you take Trump into account. That is a topsy-turvy situation. I think that Iran is seeing the benefit of its economy opening up. To think about our own interests, there is a lot of commercial and economic opportunity in Iran, which requires Iran to open up. If
that door suddenly shuts and America tries to impose sanctions, that creates a counter-competitive situation for our interests, given that China, Russia and others would continue anyway. They are making commitments and I am not convinced that they will just walk away from them because of a mercurial Administration in the US.

**Professor Kerry Brown:** It is hard to know what China would be willing to do, but it is probably the only party that can do significant things. It is already a huge investor in Iran. It has a commitment there, it has leverage over the Iranian Government and it has relative neutrality. If the deal is threatened and someone has to seek an alternative, China is probably the only one that can, and it can get furthest. It is quite extraordinary that we have a deal. China is always accused of being fickle and unreliable, yet it is the one that is not going to walk away. The Chinese would think that, if such a deal is not sustainable when they have put so much effort into it, why bother working with the West elsewhere? Why bother working with other partners? It would have huge collateral fallout. I hope that, when the Americans are thinking about this, whoever comes to advise the Administration will factor that in: it would have a very negative impact. China will feel as though the American-led allies are very fickle and that, whenever they make agreements, they do not hold to them. On the whole, although it is difficult to make an agreement with China, once China has got there it will stick with it. This is a very important deal, not so much because of what it does, which is important in the Middle East, but because of its impact on working with China, which could be very negative if the deal is not held to.

**The Chairman:** What exactly are the Chinese investments in Iran? Are there new projects? Are there joint ventures between the British and the Chinese? Is that sort of thing on offer?

**Professor Kerry Brown:** Obviously, under the embargo, there were no joint ventures with non-Iranians, but there was an opportunity for BP, for instance, to work with the Chinese in Iran. That was discussed, as far as I remember. Their principal investments are in oil fields.

**The Chairman:** Lord Inglewood, I think that we have finished with that question for the moment, so would you like to talk about China and the Middle East generally?

**Q53 Lord Inglewood:** A number of our witnesses have commented on the fact that in a number of the Middle East states—I am thinking of Syria, Iraq, Yemen and possibly Libya—the idea of the old nation state is under threat and there are all kinds of sub-state actors. It is almost as though a de facto federal state is emerging by some evolutionary process. This obviously causes a lot of volatility, which presumably concerns China as an investor. Equally, it is hardly an encouraging precedent for China in its domestic politics. How do you think the Chinese are looking at that? What, if anything, might they do about it?

**Professor Kerry Brown:** They are not big fans of secession that is true. However, as with Russia and the Crimea, they do not relate that too much to their domestic situation because they think that they are unique—they are great exceptionalists. There is a security link inasmuch as in Xinjiang some small radical Islamic groups have been linked to the Middle East and to ISIS or Daesh or whatever it is called now. China is worried about that. Sometimes that is opportunism; saying that this is radical terrorism creates greater international
support for what it is doing against groups in Xinjiang, whereas there are all sorts of domestic problems with economic issues in Xinjiang that are not associated with this. So sometimes it is opportunism, but there have been terrorist attacks in China in the last two or three years. There was a horrible knife attack in Kunming and a suicide bombing in Beijing, as well as other isolated attacks. There were a couple of big cases of violence in Xinjiang itself. China is very nervous about the internationalisation of these, which casts a shadow across its relations, particularly in Pakistan and central Asia, but also in the Middle East. One Chinese national was kidnapped and eventually killed. One of the vulnerabilities that China has with all this complexity of all these sub-state actors across the Middle East is its assets, which are considerably increasing, but also the fact that its experience of supplying security for those, either privately or through government, is not great. It does not have a lot of experience and it is very vulnerable. It is very aware that this is a point of vulnerability.

Henry Wilkinson: I agree. China’s options for intervening are pretty limited in a region such as the Middle East, of which it has little experience. A lot of the forces that are pushing or breaking up the state and society in the Middle East are driven by religious elements. China is essentially an atheist state and you wonder how much it understands some of the issues that are challenging it. As for China’s view on more federalist models, I do not know the extent to which China externalises any internal political views on to the international system. The Chinese Government is relatively controlling, whereas its attitude on international politics seems to be almost the opposite: “We’ll treat you like grown-ups and you can get on with your own thing. We’ll do business with you as long as we are getting on”. It is not controlling in that respect, so there seems to be a bit of a paradox. On the breaking up of states, China would look at the situation as being more complicated than it would like it to be. It would prefer to have a much more centralised authority, as that makes relations much easier and the transactional element more straightforward.

The question hanging in my mind is: what can China do about it anyway? I do not think that China is in any better position than the US or anyone else to reverse some of these trends. Ultimately, in a lot of these cases, we are talking about the erosion of the central state, the fragmentation of society from the state and the diffusion of power to smaller and more peripheral interest groups and organisations, including religious groupings. What is the solution for that? One could argue that it could be federalism or more democracy, but it would be very optimistic to think that we will see those in the Middle East and in these countries in particular. That makes me think that, if there is to be a reversal, it will be as a result of greater autocracy and the establishment of much stronger and more controlling regimes, which China would probably favour. These conflicts may have to run their course in some respects, because there may be little that can be done when they have become so localised.

The Chairman: Finally, are China and Russia—the other two—allies or rivals in the Middle East and elsewhere?

Q54 Baroness Coussins: I want to come back to Syria and ask about China’s position on it, given that there are clear signs that a Trump Administration, together with President Putin, would be favourable towards some kind of agreement with the Assad regime. Notwithstanding China’s default position as a non-interventionist country, it sent a military adviser to Syria in 2015. What would you expect its position to be if such a deal with the Assad
regime emerged? How would it respond to that?


Professor Kerry Brown: I agree. Whenever the Chinese have spoken about this in Beijing, they have regarded the American and other efforts in the region broadly, and in Syria, to be incredibly naive in believing that an opposition will exist that will deliver a lovely solution. They think of that as being very unlikely—and the turmoil there, and its continuation, has proved them right. They see no good in getting sucked into this too much. If it is a case of having Assad and the continuation of his appalling regime, rather than another probably equally appalling regime; they will stick with the devil they know.

You wanted to come back to the issue of China’s influence. Clearly, China has no soft-power assets in the Middle East. It is not that the Chinese government model is looked on as being some big attractive thing that can be used in the Middle East. Sinified Marxism has limits to what it can deliver. It is not that there are great cultural affinities, but what is admired about China is that it is now a success. Russia is politically more powerful but, as I said, its economy is one-tenth of the size of the Chinese economy. For that reason and that reason alone, China has a story that it wants to tell and that people want to listen to, not only in the Middle East but elsewhere in the world. That does not mean that China is admired particularly for its vision of the world or its vision of diplomacy. That is probably what people still admire America for, despite what has recently happened. The question is in what ways China will try to build on its economic leverage to get more diplomatic and security influence. It is always good in this building to quote Mao Tse-Tung. He said, “There is chaos under heaven—the situation is excellent”. For the Chinese our disarray at the moment is a wonderful thing.

The Chairman: What role do you think the new networks such as the Shanghai Cooperation Organization is playing in this new world that China has to address? Is it a power instrument for them, a protection or what?

Professor Kerry Brown: When that was set up in the 1990s and then reinforced in the early 2000s, it was a network away from the US. It gave China an extra space to speak, where the US was not present. Of course, that aroused a lot of suspicion. Under Xi Jinping that has been re-energised and has many observers, so it has an enhanced role and talks more about security issues than economic networks such as the Belt and Road Initiative. In principle, it could be a place where we see what a Chinese security vision is. What are its ideas about working with partners beyond the economic space? That is why it is important, although it is a small network at the moment, not a huge group of countries. I think it involves about six or seven countries.

The Chairman: They have just taken India in.

Lord Hannay of Chiswick: Picking up on that, you said in some of your earlier testimony that we should not forget that China and Russia have had a very fraught relationship over the centuries which has often broken out into really violent or certainly adversarial events. To what extent is the scope for that probably now greatest in the question of who is the controlling influence in central Asia—in the stans?77 To what extent will China, which after all has the

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77 The Central Asian countries whose names end with ‘stan’: Afghanistan, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.
Xinjiang problem contiguous to it, feel the desire and the need to extend its influence into what President Putin presumably regards as his backyard and his sphere of influence?

**Professor Kerry Brown:** It is very real. The Belt and Road Initiative links the stan countries, and for most of them China is either the biggest investor and trading partner or the second biggest. It is a demonstration economically that China is now the main player in this region. China is giving a lot of face to Russia in deferring to it politically, but economically China is the key partner. When Xi Jinping and Li Keqiang, the Premier, go through the region, it is like an imperial visit—it is quite extraordinary. But, of course, China is very aware of the political and security problems throughout this region, so it is quite happy for Russia to continue having a role there and it does not want to get involved. It is the same story as the Middle East: it picks the things it wants to get involved with and walks away from things it does not want to get involved with. The question is whether other countries such as Russia and America have the capacity to get involved in the things China does not want to get involved with and, if they do not want to, what will China do? We will find out quite soon.

**Henry Wilkinson:** The One Belt, One Road initiative is a gigantic investment. I agree with that analysis. With regard to what we can expect in future from organisations such as the SCO, China is creating a multilateral umbrella whereby it can leverage its partners to help to further its interests in maintaining stable markets, ensuring that those investments are protected and delivering returns. That is obviously what China is looking at. What is interesting in looking at the growth of the SCO—as we have just remarked, it is getting bigger—is the emergence of international institutions that are not in the post-Second World War model of US-led liberal internationalist institutions. In tying these things together with US retrenchment, that is what we are really looking at: an emerging new international order, where US-led institutions are diminishing. The credibility of NATO has been called into question—for example, when particular treaties are not respected by the people who authored them. That creates a whole new level of uncertainty about whether those institutions are appropriate. We know that the BRIC countries, for example, which are very important in this conversation, want to reform the UN. We are seeing the tide changing; these institutions will become increasingly important in how they frame the new international rules of the road, and how business is done on the geopolitical stage. The question we have to ask ourselves is whether or not they are willing to step up and lead, and to intervene in situations where intervention is required. That is the big question which we do not know how to answer at the moment.

**The Chairman:** Mr Wilkinson and Professor Brown, trying to cover China, let alone the Middle East, in an hour is fairly ambitious, and of course we have not really succeeded, but you have cast some sharp beams of illumination on many aspects of it, and we are extremely grateful to you both for this abbreviated session. Thank you very much.

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78 *Shanghai Coopoeration Organisation* (also known as the *Shanghai Pact*)
79 Brazil, Russia, India and China
Mr Neil Bush, Head of Arabian Peninsula and Iran Department, Foreign and Commonwealth Office (QQ 190-195)

Mr Neil Bush, Head of Arabian Peninsula and Iran Department, Foreign and Commonwealth Office (QQ 190-195)

Thursday 2 March 2017

11:30am

Members present: Lord Howell of Guildford (Chairman); Baroness Coussins; Lord Grocott; Lord Hannay of Chiswick; Lord Inglewood; Lord Reid of Cardowan; Baroness Smith of Newnham.

Evidence Session No. 17 Heard in Public Questions 190 - 195

Witness

I: Tobias Ellwood MP, Minister for Middle East and Africa, Foreign and Commonwealth Office; Mr Neil Bush, Head of Arabian Peninsula and Iran Department, Foreign and Commonwealth Office; Mr Michael Howells, Head of Near East Department, Foreign and Commonwealth Office.

Q190 The Chairman: Minister, good morning and welcome. Thank you for coming in and sharing your time with us today. We are extremely grateful. I have an obligation to remind you formally that this is a public session. There will be a transcript and, if you want to make changes to it afterwards, that is perfectly acceptable. Those are the formalities.

I think that you are probably aware that this Committee is seeking, ambitiously, to reassess all the patterns of power in the whole of the turbulent region of the Middle East, for which you are the Minister responsible, and to draw out the implications, which we think are probably considerable, for the policy of Her Majesty’s Government.

I will start on strategic policy. We get the impression from all our witnesses in our hearings, from the media and from the papers submitted to us that policy is on the move at a strategic level and at specific levels as well. The question is: are we just seeing ripples, or is something really happening of a major kind? Have decisions been made? I shall describe what I mean by policies shifting. The two-state solution regarding Palestine and Israel, on which President Trump has dropped some remarks—are we moving on that long-established policy? The UN refugee convention—are we changing our attitude on that? Have we shifted on Libya, with its vast complexities? Suddenly we seem to be friendlier to General Haftar. When the Foreign Secretary was before this Committee a few weeks ago, he seemed to suggest that the attitude to Bashar al-Assad was perhaps not going to be quite so stringent as it had been in the past. Behind this, is there a rowing back on the whole Arab Spring structure of Foreign Office policy five or six years ago, which was to support the liberty and democracy movements, the people’s parties, that were going to overthrow the tyrant? Are we now hearing from Washington, and are we going to follow, the opposite route—that it is the strong men and tough guys in the Middle East whom we should be
Mr Neil Bush, Head of Arabian Peninsula and Iran Department, Foreign and Commonwealth Office (QQ 190-195)

... backing rather than sacking? Give us your take on that impression. Tell us whether we are wrong or right that these big shifts are taking place.

**Tobias Ellwood MP:** First, Lord Chairman, thank you very much indeed for the opportunity to sit before you and explain in detail some of the foreign policy areas of concern. I do not think the situation is as binary as you lay out in suggesting that the approach is “Back the strong man” or indeed “Go for regime change”. You have covered a series of questions and thrown a vast geographical net quite wide. I have written down “Trump, UN refugees, Libya/Haftar and Assad”. Would you like me to touch on each of those? Maybe that will prompt questions.

**The Chairman:** Yes. That was deliberately general because we are seeking to get an impression of how much change there has been.

**Tobias Ellwood MP:** Policy has to reflect the changing world around us. Over the period that you have just reflected on, the last five years, you could argue that there have been many rising tensions within countries and indeed between them, as well as the growth of non-state actors. Clearly we have seen a new transition in the United States—an Administration coming in and, dare I say it, advancing their own position, with for the first time ever a President who is non-military and a non-politician taking the helm. By their own admission, the dust has not settled in many positions. Certainly from my perspective as an elected person—I am conscious of the room I am in—things get said in the heat of election campaigns that perhaps need to be nuanced once you are in government. We are certainly seeing that in examples where we have been able to seek clarity from the American Administration—for example, on their commitment to NATO. The concerns expressed by General Mattis on countries meeting their 2% obligation remain, but the Americans are absolutely committed to continuing to support NATO. I am pleased that our Prime Minister was able to advance and encourage the US Administration’s position in that field. So it is too early to say with regard to the US Administration, as we are developing our relationships with them and working out how we can meet some of the challenges that you have mentioned already.

On the UN refugee convention, many of the conventions that we face—like many of the Bretton Woods organisations, if I can call them that, which were created after the Second World War—were designed for a particular circumstance and time period. As I said, we now face a completely different environment. There is not only the real threat that we see from the Middle East but the indirect consequences of that. How does Europe manage the movement of refugees who then come into Europe? These old organisations, including the United Nations itself, perhaps need to reconsider what they do. A specific example is Aleppo. People look to the UN and the Security Council to be a senior forum for international arbitration where answers to the challenges are formed, but with Aleppo we were not able to secure a resolution because it was vetoed again and again by Russia. As Matthew Rycroft, our UN head of mission, said, this shows that the Security Council is not working as it was designed to. You could say the same for the European Union, in that people across Europe expected it to deal with and have answers to, first, the Ukrainian situation and the impact of Russia, and then the scale of the migration problem. It was not able to provide those answers in the way that people expected. The rise of populism, this anger, perhaps fuelled the Brexit result and, arguably, the election of Donald Trump as well. So we are seeing internationally-based organisations losing their authority...
Mr Neil Bush, Head of Arabian Peninsula and Iran Department, Foreign and Commonwealth Office (QQ 190-195)

in the eyes of many people because they cannot provide the solutions that we need today.

To advance a positive here, there is a space for Britain to show greater leadership, provide those answers and utilise our soft power to be able to seek solutions. We cannot have a situation where, while it led to a brief ceasefire in Syria, talks on Syria are taken out of the auspices of the UN. They moved to Astana but we are pleased that they have come back to Geneva, as that should be the forum where these things happen. Britain can do more to make sure that we show leadership on the international stage.

The Chairman: That partly answers my general questions. You said that there is space. The question is how we formulate our approach into that space, which raises entirely new challenges.

Lord Hannay of Chiswick: I am listening to what you have to say about the United Nations and Matthew Rycroft, who in my experience does a wonderful job. Is it not a bit odd to say that the UN is unable to do the job that it was meant to do, when of course that was precisely the situation of the UN between 1947 and 1990? We did not say that the UN was therefore no good; we said that it must be enabled to do the job that the charter laid down for it. Is that still our position? I would argue that it ought to be. If we start saying that all these organisations—the IMF, the World Bank, the World Trade Organization—were designed for a different epoch, we are basically setting off into uncharted waters and saying that anyone can take a pot-shot at them. I thought that the security strategy that the Government adopted last year said that we were going to stand up for a rules-based international community. Well, the rules are the rules laid down in those organisations. If, for example, the US Administration decide to pay no attention to what the World Trade Organization does, we will be in dire trouble, will we not?

Tobias Ellwood MP: I agree with you, but we also have to recognise that, as I said, many of these organisations were created and designed to deal with the challenges of the day, and those challenges have changed. Therefore the work that these organisations do and what they are expected to achieve also needs to be advanced. We cannot have another Srebrenica or Rwanda taking place—that is where we went in Aleppo, going from siege to slaughter—with the one organisation that the world looks at to be able to provide a solution, the UN Security Council, being unable to get the resolution that we needed. There are two possibilities here: either we go down the avenue of saying that we bypass the UNSC and get a coalition of the willing to deal with whatever individual challenges there might be, or we say, “Actually, perhaps we need to address why it is that the Security Council was unable to seek a resolution for month after month”. A whole series of positive resolutions—they were fairly neutral, as well, not one-sided or against Assad; many of them were focused purely on humanitarian aid—were unable to get through the Security Council to give us the legal mandate to provide the support that the people in Britain and indeed the international community expect.

Lord Grocott: Minister, on the two-state solution, with which you will no doubt be familiar, this is quite near the end of our evidence-taking sessions and it is fair to say that virtually everyone who has spoken to us about this issue has said either that we are perilously close to the point at which that solution is no longer feasible or that we have actually arrived at that point. I know that you have had things to say about this. I do not know whether you were correctly reported, but
after the last burst of Israeli settlement activity you said that they were contrary to international law and an obstacle to a two-state solution. We have had evidence from a very practised person about the region that denunciations from the international community, from whatever level or source, are ignored by Israel because it has found from experience that, although there may be quite the bark, there is absolutely no subsequent penalty for ignoring the views of the international community. In view of the Government’s stated position on this, do you think that there is any sign whatever of Israel taking any notice? What further action should be taken if the will of the international community continues to be ignored?

Tobias Ellwood MP: First, as we illustrated in our support for Resolution 2334, we very much support the concept of the two-state solution. Going back to the resolutions that we supported in the past—Resolutions 181 and, in 1967, 242—and even back to when our mandate ended and the whole concept of two states was originally put forward, we have been consistent in our position. We are pleased when we look at the read-outs from the American Administration. Indeed, yesterday I met the Israeli ambassador, who confirmed that it remains Prime Minister Netanyahu’s ambition to continue to support a two-state solution as well. Over the Christmas period we specifically supported the resolution that the growth of settlements is coming perilously close to making that an impossibility, simply because the geography means that access to areas A, B and C is difficult and they cut up the West Bank such that you could not actually govern it in the sense of a state.

You say that the Israelis simply ignore and continue to build. The fact is that the international community, including the Americans and ourselves, must continue to make the case that these are illegal settlements and, according to international law, not there for perpetuity. I put this to Israeli Defence Minister Lieberman when he came here. He actually lives in one of the settlements in the West Bank. I said to him, “If there is a two-state solution and you find yourself in an area that can’t be part of a land swap, will you be happy—or, if not happy, content—to then leave your building and move to a place that is part of the final status agreement?” He said, “Absolutely”. That gave me the reassurance that, no matter how many buildings they build, we must keep making the case that the settlements are wrong. They should not overshadow the fact that they are simply buildings and, ultimately, buildings can be removed or form part of a land swap. We should remain absolutely focused on saying that the two-state solution is what we want to achieve.

As a balancing argument, though, I should make it clear that there are massive security issues that the country faces that also prohibit an advancement towards an environment that can bring the two parties together, not least the differences between those in Gaza and those in the West Bank. We need to work hard to ensure that Fatah is able to influence or work with Hamas so that they can then come to the table and present a viable capability that can allow two states to come into form.

Lord Grocott: Do I take it that you are convinced by the evidence that you received from someone living in one of the settlements that the Israeli Government are sincere in wanting to work towards a two-state solution?

Tobias Ellwood MP: We have made it clear that we have to convince Israel and the Israeli people that if they continue down the track of drifting towards a one-state solution then it will not be a Jewish state, and eventually it will get to the
point when the Palestinians outnumber the Israelis. Where is the Jewish homeland in that scenario? That is what we need to press on the Israeli people; we must convince them that it is in everyone's long-term interests. I will give an example, though I do not want to digress too much. You will be fully aware of the history of the region and the tensions that existed with Egypt and Jordan. After the 1967 war, very brave leaders accepted the right of Israel to exist, and in the cases of both Jordan and Egypt they paid for it with their lives. Ultimately, though, the economic agenda that they are now pursuing is in everyone's interest. They are sharing intelligence as well and working together. That shows that it can be done and we can get there. We can reach a two-state solution that will be to everyone's benefit.

Lord Inglewood: To go back to your initial comments, you said, and I do not think that anyone would really disagree, that there is considerable disillusion with international organisations, not least because of their inability to deliver in the face of problems such as Ukraine and Aleppo. You then said that this creates a vacuum and gives us an opportunity to develop and advance our policies and actions. I want to ask you a basic question. What can we actually do? Soft power is not going to help Ukraine. How can we, the UK, take these things forward in a way that actually does something? It is easy to talk and to have policies, but it is about actually delivering on the ground.

Tobias Ellwood MP: As the Minister for the Middle East and Africa, I hope that you will understand that I am probably not the best person to give illustrations on Ukraine.

Lord Inglewood: I do not mind about the location. Let us go back to Aleppo, which you mentioned.

Tobias Ellwood MP: Okay. When you have areas such as Aleppo, Yemen or anywhere in the Middle East, we take an interest in the world around us. That is what Britain does. We have Arabists across the Middle East and we invest time, through our history, our networks and so on, in trying to understand what is going on. What we bring to the table in addition to others is a desire and a commitment to try to effect change and be a force for good for the future. Where things differ from the past is that these things often need to be done through those very international organisations to give us legal remit, whether that be for, hypothetically, creating safe zones in Syria or indeed advancing a solution that will be in the long-term interests of all the stakeholders in Syria. Let us face facts, though: in August 2013 we blinked. We need to make ourselves tougher and learn from that. We had a vote in this House that considered whether we would take punitive action against Assad and the UK failed to act where it wanted to. We failed to sell it to Parliament and then Parliament failed to endorse the Executive to take action. From that moment forward, Russia took full advantage of the fact that we and, immediately afterwards, the United States stepped back from showing full interest in this area. That is where we need to learn. There are occasions where we need to be cognitive in our thoughts but robust in our actions as well.

Lord Inglewood: To go back to that matter, we here were all involved in it. We heard the Foreign Secretary elaborate that argument some weeks ago. I am not sure that I personally buy it, but I do not want to go into that. Do we have the resources to be able to deliver improvements and change that go beyond what we do by simply having, for want of a better and fairer way of putting it, pious sentiments about what we would like to see?
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*Tobias Ellwood MP:* Let us place into context what I just said. It does not mean that Britain goes into every area and solves the issues; it means that we show the leadership for those issues and challenges to be solved. A great example is Somalia. I do not know whether you are covering it as part of your remit, but it is a country that has just come out of a very dark chapter and could easily slip back into another difficult period if we are not able to get a grip on what al-Shabaab is doing, particularly in the south of the country. Somalia has just had presidential elections. It is a very unstable country but it is ambitiously embracing a new federated structure. The AMISOM nations are participating there, and they need leadership. The S6 countries are donating funds to help it work, but that needs leadership as well. What Britain is doing through the Prime Minister’s conference, which will take place in a couple of months’ time, is bringing together the parties to consider and offer solutions.

Another example is tackling Ebola, where a coalition of the willing came forward, Britain among them, in order to help—specifically, for us, in Sierra Leone. That is the sort of leadership that we are performing. We are just now sending 400 troops to South Sudan as well as providing support for the people who can have the biggest influence in that country, the Catholic Church, which is doing an amazing job at understanding some of the challenges that are taking place in that country. So we do not go in there and solve absolutely everything ourselves, but we are showing the leadership with the parties involved, the stakeholders who are connected to it. Because of our respect, our depth of interest, our history and so on, we can play a great leadership role in meeting some of the challenges that we face.

*Lord Inglewood:* And that is the focus of the policy?

*The Chairman:* Minister, your answers are interesting because they show the strength of your feeling, and no doubt that of your colleagues, that back in 2013 we should have gone in heavily against Bashar al-Assad and we missed an opportunity, and that Britain should be substantially involved. If so, and this is a Committee that is trying to get at the policy and justification behind it all, out of the responsibility to protect as a world policeman, worries about oil and gas—or has that all passed?—and worries about jihadi influence and terrorism, which would you put at the top of the pile of reasons why we should be heavily involved in a way that would be expensive in manpower, lives and resources?

*Tobias Ellwood MP:* Again, I am not sure that there is even enough time in the hour that we have to articulate a response to that. First, you point in particular to the Middle East. Its security is our security. We rely on many of the Middle Eastern countries—Qatar, for example—to keep the lights burning here because we are a net importer of gas. Also, our strategic influence in the area and the bonds that we have with these nations, going back to the Trucial States agreements, are important to us. Trade with these countries, the prosperity agenda, is also important. So when our joint economies and bilateral relationships are challenged by some of the issues that you mention, particularly the jihadi threat, we absolutely have to take an interest. That does not mean being the world’s policeman, but it does mean coming up with the ideas that the world might then accept, adapt and participate in with British leadership.

A great example of that is the leadership that we are showing in the counter-Daesh coalition. I will spend a minute on this because it is quite important. There are five streams that we are focusing on to defeat Daesh. First, there is the military component, and you are fully aware of how we are involved in that.
Secondly, there is the humanitarian and stabilisation work that we are doing, with £2.3 billion of aid going into the country along with UN organisations and others. Thirdly, there is stemming the flow of foreign fighters, including from Britain, and helping other countries such as Tunisia and Morocco to identify them. They are getting far better at recognising and identifying who might be vulnerable and attracted to go to fight with these extremist organisations. Fourthly, there is the stemming of funds as well, looking at international banking networks to stop the movement of money coming from rich individuals who see this as a worthy cause to support. Lastly, and most critically, is strategic communications, which involves us working with Facebook, Twitter and other major platforms to cut down on the ability of these organisations, wherever they are in the world, to reach every bedroom in Britain and indeed elsewhere and sell their false and poisonous ideology. I am afraid that too many vulnerable people are reading this stuff and seeing it as a fast-track to paradise, believing that somehow all the misdemeanours they have committed on this earth will be forgiven if they strap on an explosive device for this cause. We lead that fifth element, strategic communications; I am one of the co-chairs of this, along with the Emirates and indeed the US. That is important because every extremist organisation, from here on into the future, will use the internet for its recruitment base. Governments, religious organisations and communities and indeed the private sector, the internet companies themselves, have been very slow in recognising why it is important for us to have better understanding of how the internet is being used.

The Chairman: That is very good. We could continue on this topic, but because of time we should move on. Lord Hannay wants to turn to the particular aspect of Iran.

Q191 Lord Hannay of Chiswick: We have not talked about Iran at all. Are there any indications that the Government’s very clear support for the JCPOA is having any impact at all on the new US Administration? The Prime Minister was in Washington but I do not know whether she raised this issue with the President. Are there any indications that US policy is other than, in the words that came out of the mouth of the President during the campaign, that this was “the worst deal ever” and that it should be junked? Secondly, were we consulted before the Americans put their latest sanctions on Iran as a result of the ballistic missile test? Do you think that that was the right policy? Are we going to follow it ourselves? Thirdly, how will we respond if, as one of our witnesses has suggested to us, the US Administration do not renew the waiver on sanctions on Iran that is in force at the moment in April or May? Will we ourselves continue to apply the JCPOA rigorously, including the suspension of sanctions? How will we try to influence the US Administration not to do something that could be argued is a breach of the agreement that we think is valuable?

The Chairman: I should have said, Minister, that if at any point you want to bring in your distinguished colleagues on these complex questions, please feel free to do so.

Tobias Ellwood MP: Thank you. It is an important question. As I am sure the Committee is aware, this is a once-in-a-generation opportunity with Iran after 10
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years of work. Again, it was about a coalition of the willing who stepped forward and who wanted to secure and limit Iran’s nuclear capability. The deal was agreed and has come into force. The IAEA has full access to what the Iranians are doing. Regular meetings are held in Geneva to continue assessing progress on making sure that the agreement is honoured. The lifting of nuclear-related financial and economic sanctions relating to the JCPOA are separate to that, in relation to ballistic missile use—the test that took place on 29 January reflected that. We raised concerns about this with the United Nations Secretary-General. That is the process by which we can do that. I understand that he is now considering whether to investigate this further. But there is a separate grouping of sanctions to do with ballistic missiles under UN Security Council Resolution 2231 from those to do with the JCPOA.

Stepping back from both those areas, I would say that there are opportunities for us to engage with Iran. Our embassy has reopened and I had a meeting with the ambassador on Monday. I have visited Tehran and met the Deputy Foreign Minister, Abbas Araghchi. The Foreign Secretary meets his counterpart, Javad Zarif, on a regular basis. There are phone calls between Hassan Rouhani and our Prime Minister as well. Each of these opportunities is taken to raise other aspects such as human rights, as well as encouraging the country to take this opportunity to re-engage with the international community in a positive way. Airbus is in the process of delivering a series of its aircraft. If you visit Tehran—I do not know whether any of you have been there recently—you will see that this is a country in desperate need of infrastructure improvement and the JCPOA was the green light for that to happen.

There are other challenges to do with legacy sanctions that are perhaps creating issues for American banks or indeed American individuals with any bank when conducting business. We need to work with the Office of Foreign Assets Control in the United States in order to work them through.

Lord Hannay of Chiswick: First, may I possibly have an answer to the question of whether we were consulted before the Americans put on the latest sanctions? Secondly, what will the Government’s attitude be if the United States moves towards not renewing the waiver?

Tobias Ellwood MP: I do not know whether we were consulted. However, we should recognise that there are EU sanctions and our inability to go through the United Nations on sanctions in breach of the resolution. Moreover, America can impose its own sanctions. Perhaps I may write to the Committee with more detail on that.

Lord Hannay of Chiswick: What about our attitude to the waiver? Have you any thoughts on that?

Neil Bush: We can write back on that as well.

Lord Hannay of Chiswick: I see. You mean that you do not know.

The Chairman: We will come in later questions to the other dark side of Iran, which is its considerable influence on the rest of the Middle East. Just before we do so, Lord Inglewood has a question.

Q192 Lord Inglewood: This is about something that we have touched on before. We heard from Tom Fletcher, who obviously is known to you, that, in his words, the FCO is not resourced to do everything as well as it used to do. Clearly there are finite resources to deal with a huge range of difficult
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problems. What should our key strategic aims be here? Arguably, it is about a choice between bad options. What particular value can we bring to deliver actual changes on the ground?

Tobias Ellwood MP: I think that Tom Fletcher is absolutely right, but were he to have done a study on any other government department following the recession that we went through, he would have found that there was pressure on how its resources were being used. The Foreign Office is no different. However, I would say that given the resource that we have, arguably we are more respected and have a greater reach than any other nation across the world. That says something, given that our budget is significantly less than that of France. It is about the quality of our staff and the work that they are doing, which is just as important as the resources that go in. We do our best and, with the Chancellor having done time in the Foreign Office, we hope that we will have good news in the future.

I did a study on the embassies that I worked with when I was just looking after the Middle East. I found that for every £1 that the embassy is putting in, it could point to around £5 coming back into the Treasury. You talk about influence. There is a wide package of measures that any embassy or high commission is implementing. One is advancing democracy, human rights and the rule of law and supporting a country in that way, while another is the prosperity agenda that we are embarking on. There are huge and new opportunities in countries such as Angola, which I visited a couple of weeks ago, that perhaps we would not have thought of before. The suppressed oil price is encouraging these countries to diversify. The World Bank has suggested that 20,000 new jobs need to be created almost every day for the next five years because of the growth in population in the continent of Africa. There are great opportunities for Britain.

There are also the security aspects in this. There are the non-state actors that I mentioned, such as al-Shabaab in the south of Somalia and Boko Haram in Nigeria. We have the skill sets, the experience and the ability to encourage other nations to work with us, whether through UN organisations or others, to help those countries better understand how they can provide the security that they need. Then through our DfID aid packages we are able to provide livelihood schemes and thus stop people from joining the gang. There is a reason why people join al-Shabaab in the south. It is an indigenous force that has not come in from anywhere else. It is because nothing else is going on. There is no local economy or local jobs for them to take up, so they end up joining an extremist gang, perhaps caring less about the religious aspect but knowing that they will be given a gun to make them feel important, and they will get a wage. That is the challenge that we are facing and I think that Britain has an important role to play in supporting these countries in that field as well.

The Chairman: Minister, you have mentioned DfID, a department that is next door to the Foreign and Commonwealth Office with huge resources. Do you ever feel that the time might come for a closer relationship between the FCO and DfID in pursuit of the national interest? After all, once in the distant past it used to be part of the FCO.

Tobias Ellwood MP: This is true. I have my own views on that but I will hold back on them. What I would say is that, in the three years that I have been in this job, I have never felt a closer relationship with my DfID colleagues than I do now. I travel with James Wharton to various countries. Rory Stewart and I are holding joint meetings. In fact we held one two days ago on post-conflict Mosul
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and how the governance part and the aid package element can work together from a stabilisation perspective. It is important that we work together. There was a time, which you might remember, when our aid went out and they deliberately did not even put a British flag on it. I thought that that was wrong. We should promote Britain’s efforts because ultimately we support UK plc in what we are doing. We engage with and develop a relationship with that nation. I agree absolutely that it is important that these funds should tie in with the foreign policy strategy. As I say, that is through our ambassadors and our high commissioners and, indeed, through ministerial-level work. That is happening on a much wider scale.

The Chairman: You have described in detail the ways in which we are involved through soft power, but our troops and Special Forces are scattered across the whole region.

Tobias Ellwood MP: I hope you understand that I cannot say a lot about that.

The Chairman: Yes, but nevertheless there is an impression that strategically we are standing back and leaving the play to Russia and Turkey. We are not one of the great powers in the region anymore. Is that a totally false view which you reject?

Tobias Ellwood MP: Which region are we talking about?

The Chairman: I am talking about Syria in particular, where Russia and Turkey seem to be making all the running, certainly in Geneva, Astana and elsewhere. Where are we in all that?

Tobias Ellwood MP: Specifically on Syria, I do not agree. We need to say more about what Britain is doing, which is actually why it is helpful to have these discussions. Britain is involved. We are the penholder on Yemen, for example, and there is the work that we do, which is not always visible, on making sure that humanitarian aid gets to the people who actually need it, and to encourage them back to the table.

I turn to the work that we are doing in Iraq as Daesh is pushed out of Mosul. We do not want to see the insurgency regain a foothold, so that we have to return to that city for the third time. A huge amount of work is being done in a number of countries. We should not forget that Russia has a long-term interest in Syria. When the country gained its independence in 1946, the Russians were the first in there to help support the fledgling nation build up its new armed force. It is how they got their bases in Tartus and Latakia, and they have invested in Syria ever since. I think that Assad’s father, Hafez al-Assad, spent time in Russia and that a daughter was born there. There is a bond with the country that perhaps is glossed over.

The Russians want to have a longer-term involvement and interest. But our opportunity was lost in 2013, and not just Britain but the international community needs to regain the initiative by ensuring that talks take place under the banner of the United Nations to try to advance the work that we are doing. We held the Syria conference last year, which collected more donations in a single day than any other conference to support the people of Syria itself. We have done an awful lot of work with the International Syria Support Group, and indeed with the opposition coalition, to advance the talks and make them happen. We are engaged, but I would say that perhaps we should do more to make it clear what that engagement is.
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The Chairman: This is all fascinating, but in the interests of time we must push on. Baroness Coussins wants to touch on a specific issue.

Q193 Baroness Coussins: I want to ask you about arms sales to Saudi Arabia. As you will be aware, quite a head of steam has been building up and putting pressure on the Government both within Parliament and outside among NGOs and others looking for a suspension of our arms sales to Saudi. That pressure is particularly in the light of evidence of humanitarian violations in Yemen. We have heard from at least one witness in the course of our inquiry who said that he believed that our arms sales to Saudi were actually responsible for extending the conflict in Yemen, yet we do not seem to be inclined to take any action to suspend such sales.

At the same time, diplomacy does not seem to be having much of an effect either. Do you agree that the current situation is untenable and unacceptable, and what do you think the UK could and should do? If the Government’s face is set against a suspension of arms sales, could something short of that be done? Could there be some kind of warning shot to Saudi Arabia, perhaps along the lines of what the Obama Administration did? What are our options, and what do you think we might do?

Tobias Ellwood MP: It is a big question and I will do my best to focus in on the answer. First, had the coalition that Saudi is leading not stepped in at the request of President Hadi, there is no doubt that the Houthis would not only have pushed through to the capital city, Sana’a, they would have made it down to the port of Aden and you would have a failed state there now as well. It is simplistic to say that it is about the Houthis or the Zaidis in the north versus President Hadi in the south. This is a very complex tribal structure of different tribes supporting different alliances. Secessionist movements in the south and myriad terrorist groups are also operating there, including al-Qaeda, which actually ran the port of Mukalla for a long time. They were running a city, but that has now changed thanks to the coalition again supporting the Yemeni forces.

UN Resolution 2216 provided the legitimacy to use force to support President Hadi in his request for help and the coalition was formed. Let us be clear that Saudi Arabia has never conducted sustained warfare before. The Saudi Arabians were not expecting it to last so long, much of it has been in the air, and errors have been made, including the funeral strike on 8 October last year. The conservative culture and perhaps a reticence to be open about what is going on have also been a challenge for Saudi Arabia itself.

It is because of our relationship with the Saudis that we have been able to nurture them, first, to create an analysis team to scrutinise what is actually happening. This means that when an error is made, they will put their hand up and produce a report, and, if it is a genuine error, provide support and compensation for the victims who have been caught up in it. I was in Saudi Arabia last week. I think that 17 investigative reports have come through and more are in the pipeline. Have they been slow in providing those reports? Absolutely they have. Would we have liked to have seen better targeting and co-ordination in what has been going on? Yes, but they have been forced to learn in a difficult way and in a tough environment, and they are very conscious that the world is watching them. I invited the Saudi Foreign Minister, Adel al-Jubeir, to this House. I do not know if any of you had the opportunity to see him, but I will invite him again so that you can put these questions to him. His response when
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he is asked these very questions is, “Please help us to get better at understanding how we can make sure that the military component in this is improved”.

We know that there will not be a military solution to this and we need people to come back around the table. We have been very critical of the errors that have been made. Indeed, I am very critical in the Chamber when I am asked this question. It is important to understand that the coalition’s errors have led to the judicial review that is taking place now. I am limited in what I can say because the outcome has yet to come through. From the export licence perspective, this is something that the MoD looks at very carefully. I believe that we have one of the most robust processes in the world and we look to see whether there is a genuine prospect of a breach of international humanitarian law. That determines whether we continue with sales or not.

**Baroness Coussins:** So in the interim, no action is being considered short of a full suspension of arms sales, which is clearly not on the table.

**Tobias Ellwood MP:** As I say, we are doing the work. Are you advocating that Saudi Arabia is deliberately breaching international humanitarian law in order to further its advance in the theatre of operations? Our view has been consistent that, as we assess these issues, we do not believe that that is the case. Have grave errors been made? Absolutely they have. Do the Saudis need to improve? Yes, they do. That is why an assessment team has been put together that is producing the reports. However, they have been very slow and I have said that if I am not satisfied with the pace at which those reports come through and the accuracy that we believe they are providing, it would be right for the United Nations itself to take over an independent review of the individual events.

However, I should place this in context, because a lot of the news on this is very one-sided. The Houthis, having invaded the capital itself, have put Ministers under house arrest and detained and abducted people. They are also using child soldiers. They have shelled Saudi Arabia proper, shelled humanitarian convoys and carried out artillery and missile attacks on ships in the Red Sea. It is a much more complex environment than some of the reporting that we get out there makes out. I do not wish to somehow defend Saudi Arabia, though. You are absolutely right that we must keep the pressure on and ultimately encourage the parties to come back to the table. The G20 Foreign Ministers met in Bonn a couple of weeks ago to advance that, with Rex Tillerson now taking over from John Kerry.

**The Chairman:** We are running clean out of time. I know that Lord Hannay wants to speak, but there are two issues that I would like to tackle in the next five minutes, which is all we have. First is the big issue of our friends in the Middle East, the Gulf states.

**Q194 Lord Grocott:** I have not heard recordings of the Foreign Secretary’s speech not so long ago, but I have read the text, and it seems to have been characteristically flamboyant, talking about being back east of Suez—not an understated speech by any means. Some of us around this table can remember when we withdrew from east of Suez when Denis Healey was involved in these matters. I would like your observations on what the balance is now. We seem to be getting more involved with the Gulf states at the same time as we are trying to soften relations a little with Iran, developing commercial links and all the rest of it. The Gulf states do not
like this very much, and I dare say the Iranians are not too keen on Britain east of Suez. I would like to know where the balance lies now, particularly since some of the evidence that we have had has been that whatever the language between the Gulf states and Iran might be, in practice a lot of commercial activity goes on between them.

**Tobias Ellwood MP:** This is very important question. The Gulf Cooperation Council is very important to us. We were particularly pleased when the Prime Minister was asked so early on to participate in the GCC summit in Bahrain, where she laid out the importance of that relationship. It is a historical relationship that works incredibly well, and it works both ways. We have over 5,000 businesses operating in the Emirates. Qatar invests more in this country, the UK, than anywhere else in the world, and the Shard is an example of that.

However, you touch on the wider regional picture, and I alluded to this earlier. I think it is in everybody’s interest to recognise that we need to move on from the cold war that has existed between Iran and Saudi Arabia and the other Gulf nations. Countries such as Kuwait are looking carefully at how we can progress on this. There are wider challenges that now unite everyone—Daesh and al-Qaeda, for example, and the extremism with which Islam is being hijacked, which I touched on. It is in everyone’s interest to work together to defeat that. In the same way as you have Israel, Jordan and Egypt moving forward and developing an economic agenda, so there is the prospect of a prosperity agenda that could be advanced once a long-term agreement had been made. A Saudi initiative has also been put forward. So I see things happening behind the scenes, but there is a long way to go yet.

Ultimately this is a question not of Shi’ite doctrine versus Sunni doctrine—but of politics. There is a slight difference over whether it is the fourth caliph or the first you should focus on—the father-in-law or the son-in-law, I think it is—but today this is ultimately a political question. There is a role for Britain to play, given our historical interest in the area and the trust that we are engaging with and developing.

**The Chairman:** You are touching on one of our central issues of concern. If the influence of the extreme Wahhabi side and that on the extreme Shi’ite side of the Revolutionary Guards and the extremists could fall away, I agree that in the middle comes hope. We would love to develop that theme, but we do not have time because we promised to let you go in one minute, and Baroness Smith still has a question to ask.

Q195 **Baroness Smith of Newnham:** Minister, at the outset you mentioned non-state actors and then outlined five strands of counterterrorism against Daesh. To what extent do you think those five strands work against the non-state actors that are emerging and at times allying with ISIL? Are we on top of the insurgency movements, or is there more that we still need to do?

**Tobias Ellwood MP:** I think we are very much on top of the insurgency movement in Iraq and Syria. The problem is that when we squeeze that we are seeing them disappear to other parts of the world. The threat of extremism will not disappear. Indeed, where you have vacuums of governance you will see those fighters moving elsewhere to promote their cause. We have seen that in Derna and Sirte in Libya, for example, with the Khorasan group, and we have
Mr Neil Bush, Head of Arabian Peninsula and Iran Department, Foreign and Commonwealth Office (QQ 190-195)

seen Daesh move towards Afghanistan. This is a discussion that the 68 nations that came together to counter Daesh are now having. We are meeting on 21 March in Washington, where all the Ministers will come together. The key question is how the experience of these five areas can be considered to expand not just to deal with Iraq and Syria but to venture further for the very reasons that you have given: that this is not just confined to this arena.

**The Chairman:** Minister, I promised to let you go at 12.30 pm. It is 12.31 pm, so I have failed by a minute. We have left all sorts of fascinating themes unresolved. You are in the middle of a process that not only is complex and full of moving parts but is filled with all kinds of questions that none of us is yet in a position to answer. However, you have put a strong, very well-informed and robust view of the problems as you see them now. That is immensely helpful to us and we are grateful. We would like another hour of your time but we cannot have it. Thank you very much.

**Tobias Ellwood MP:** I would be happy to return. I am a servant at your beck and call.
Mr Adrian Chadwick, Regional Director, Middle East and North Africa, British Council (QQ 72-100)

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Transcript to be found under Dr Ahmed Al Hamli
Mr Neil Crompton, Director, Middle East and North Africa, Foreign and Commonwealth Office (QQ20-29)

Transcript to be found under Mr Nicholas Abbott
Ms Rebecca Crozier, Middle East and North Africa Programme Manager, Chatham House (QQ 101-113)

Ms Rebecca Crozier, Middle East and North Africa Programme Manager, Chatham House (QQ 101-113)

Wednesday 11 January 2017
10.30 am

Members present: Lord Howell of Guildford (Chairman); Baroness Coussins; Lord Grocott; Lord Hannay of Chiswick; Baroness Helic; 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. 9    Heard in Public    Questions 101 – 113

Witnesses

I: Ms Rebecca Crozier, Middle East and North Africa Programme Manager; Mr Philip Luther, Middle East and North Africa Research and Advocacy Director, Amnesty International; Mr Tim Holmes, Regional Director, Middle East, Oxfam.

II: Professor Umut Özkirimli, Professor of Political Science, Lund University and Senior Fellow, Sabanci University.

Examination of witnesses

Mr Tim Holmes, Ms Rebecca Crozier and Mr Philip Luther.

Q101 The Chairman: Good morning to all three of you, and thank you for coming to join us to share your thoughts with us on the issues before us, which I will touch on in a moment. We have Tim Holmes from Oxfam; Philip Luther, the Middle East and north Africa research and advocacy director at Amnesty International; and Rebecca Crozier from International Alert. You are at the centre of these affairs. This Committee is analysing the enormous transformations of power and influence that are going on in the Middle East region generally, where they are leading, and the implications for the United Kingdom and its relationships and the degree to which they need totally resetting in the light of what is happening, has happened or looks likely to happen. That is our rather ambitious scene. It is immensely complex and tangled, more so than ever before, and we need some illumination from those of you who are close to it to help us to prepare our conclusions.

I will begin with a question that is very general, as it questions the purposes of your organisations. Here you are based, I think, mostly in London, but you are obviously active in the region. The region has very poor areas, but it also has extremely wealthy areas with vast resources. There is a far higher income per head in some of the Emirates than can be found in the United Kingdom. Why do you feel that your organisations have a major role to play in the area—I think you have—from London, and why do you think that the UK Government should be involved in this area when their own resources are in some respects so vast, although their problems are also vast. This is a general question to ask you to
Ms Rebecca Crozier, Middle East and North Africa Programme Manager, Chatham House (QQ 101-113)

describe your reason, your purpose and your mission. Will Rebecca Crozier please start?

Rebecca Crozier: I work for International Alert, which is a peace-building and conflict-resolution organisation as opposed to a development organisation. Our focus is very much on resolving conflict, particularly at a local level. In this region, we work in two ways. One is by addressing conflict within and between communities. It could be by facilitating cross-party dialogue between political parties in Lebanon, for example, including different conflicting sides. We also work at a very local level in Lebanon, for example, addressing tensions arising between Syrian refugees and host communities. In Tunisia, our focus is very much on the state-citizen relationship, conflict or tension between the state and the citizen and helping to support a peaceful democratic transition within Tunisia. We look at how young people are engaged in political decision-making, or not, and work on the increased inclusion of young people.

We also look at border security and the extent to which state security agencies work constructively with local communities to provide security in border areas. That is the type of work that we do, and I hope it is obvious why we are working in this region as a peace-building organisation. We in the UK should be doing that work, because real positive peace, not just stability or the absence of conflict, in which people have a say in the decisions that affect them and have the ability to access economic opportunity and fair justice, and in which they feel safe and have a sense of well-being and purpose in their life, is essential to stability and peace for us as European neighbours of this region. That is my overview of why we are working here and why the UK should be working in the area.

The Chairman: Mr Luther, bearing in mind particularly that we are dealing with a region seething with millions of young and very active people—two-thirds of them are under 30 and half are aged 15 to 29—this is a new world, a new generation. How do you feel that you can connect with them, and why do you feel that we here in London should be so involved in doing so?

Philip Luther: Thank you very much for inviting me. I shall take a step back, if I may, and say that I am a representative of Amnesty International and my role is Middle East and North Africa research and advocacy director. In the way in which our organisation is structured, we have an important part of our international secretariat in London. However, our international secretariat is increasingly decentralised, so when it comes to the Middle East and North Africa our operations are a bit in London and a bit in Beirut, Tunis and Jerusalem. In that sense, we at the international secretariat level see ourselves very much as being within the region and outside it. As Amnesty, we connect to our national sections and our members across the world. In that sense, we have different arms. Our research and documentation function is co-ordinated out of our international secretariat, but we use the power of our membership when campaigning with respect to Governments both in the region, because we have national sections in the region, and outside it. That allows us to connect in lots of different ways. Clearly part of that is connecting with youth, which is a massive constituency in the region, and with civil society more generally and at the level of Governments.

Coming back to the first question about what role the UK can have, I do not need to talk about all the historical, diplomatic and political relations the UK has in the region. It obviously has bilateral influence, and we can go into more detail about that. In terms of the UK’s role in international forums, from a human rights
organisation’s perspective, the UK’s role on the Human Rights Council of the UN and the role it can play in order to bring about scrutiny of the human rights situation in the region is important.

Also, because of the UK’s military role in the region, and its military relations and arms sales—we will come on to that, I am sure—it has a very important role in ensuring that it sticks to its international obligations in that field.

The Chairman: Tim Holmes, how do you see Oxfam’s mission?

Tim Holmes: Oxfam’s mission focuses on overcoming poverty and injustice. That clearly applies in the region. Our work is primarily on the humanitarian response, but we are also working on development where possible and trying to address the underlying causes of poverty where we can. We have a country presence in 10 countries across the Middle East and North Africa and respond directly and through local partners. A key focus of Oxfam’s work is supporting local civil society organisations in humanitarian response development and on the empowerment and civil society agenda. We see our added value in the region partly as access to resources, but also as being a global organisation with decades of experience in some of these issues. We bring technical expertise and build the capacity of local entities. We see a particular role in supporting those local organisations to raise their voice beyond the national level to regional and global level fora to ensure that key areas of concern are heard and addressed.

As I have indicated, we come particularly from a humanitarian and development perspective. We are poverty and suffering-focused. While there is a lot of wealth in a number of countries across the region, there is also an incredible amount of poverty and suffering, which needs to be addressed by those countries and with international support. You will be familiar with some of the context—the desperate situation in Yemen, for example, which is less focused on than the more familiar context of Syria with its large-scale needs.

Lord Grocott: I have two questions. A couple of you mentioned young people, and the Chairman talked about the proportions in the region. Rebecca Crozier talked about getting them involved in political decision-making, or how they get involved. In this country, young people tend not to vote, so I am not sure how ambitious the objectives regarding young people in the area we are talking about are. More particularly, to generalise about young people, or indeed any other age group, is a bit difficult. Is there a big difference between metropolitan, educated, capital city-based young people and people living in the less cosmopolitan parts of the country?

My other question is to Amnesty. I do not know whether you still publish league tables of the most serious violations of human rights in different parts of the world. Will you comment fairly broadly on this question? In the area we are talking about, ignoring the two obvious places where there are wars going on, Yemen and Syria—I do not know how you categorise human rights when there is a war going on—in how bad a situation is this region compared with other parts of the world, and which are the most difficult countries for us to think about?

The Chairman: On the first question, who would like to start? We will then come to the Amnesty question.

Rebecca Crozier: On the question of engaging young people, I will give you an example of some of the work that we do in Tunisia. It links to your question about who you engage and whether you generalise. We are trying to work in
Ms Rebecca Crozier, Middle East and North Africa Programme Manager, Chatham House (QQ 101-113)

some of the most marginalised, hard-to-access areas. For example, we work in suburbs of Tunis that are known as no-go areas and are seen as recruiting grounds for extremist groups. As you know, a lot of young people were going from Tunisia to fight in Syria for the Islamic State. We started doing research in that area, which told us that there are extremely high levels of mistrust towards the new political elite and the political parties. For example, 98.8% of young people living in Ettadhamen, the area we looked at, believed that political parties work in their own interest and not in the interests of the people. There is a real disconnect between young people and the state and political parties in that area. The only real interaction they have is with the security forces, and that is usually quite negative.

So we set out to work with a group of young people in this area to see whether we could help to build a relationship not between all the young people in Tunisia and the Tunisian state but between the young people living in that area and the local authority. We did that by working with these young people. They mapped their area using open street maps. They looked at where the mosques and schools were and the problem areas where litter was not being collected, for example, or there was no street lighting. That meant that they came up with a really detailed map of their area which they were able to go to the local authority with and say, “Here’s what we’ve done”. That was useful for the local authority, because it did not have a map; it had a paper map dated 1999. The young people gave the local authority something that it needed and they were able to talk on an equal level. Very slowly, local government started to invite young people to meetings and consultations.

Then we moved to the next stage where we asked the local authority whether it would allow these young people to engage in a participatory budgeting process. It was agreed that half the development budget for that municipality would be given to the young people to decide how it was used in a consultation process with the wider community. It was €300,000. We are working towards a small model that demonstrates that young people can play a positive role, even in communities where young people are seen as a threat and a problem and where the state’s main engagement is raids against potential terrorists. That is one example.

We are also working with more central authorities in Tunisia to look at scaling that up into other municipalities. That is one example of how we engage young people. The ambition starts off being quite modest but looks at a model that we can scale up and work towards doing more broadly. The real importance is getting beyond the elites and working with grass-roots civil society organisations to get to the hardest-to-access young people in the hard-to-reach areas. That requires long-term engagement and getting to know who is who and who has access in those areas. For that reason, it requires working on quite a small level and then scaling up, rather than a top-down approach. That is my example to answer that question.

**The Chairman:** And the Amnesty question?

**Philip Luther:** On the question of how to split up the Middle East and North Africa, let me say a word first about the conflict areas, because you rightly mentioned that conflict poses particular challenges to human rights. Syria, Iraq, Yemen and Libya are live conflict zones, which we would characterise on the one hand as mass violations of international humanitarian law and the rules of war, whether they be indiscriminate attacks or direct attacks against civilians, which
Ms Rebecca Crozier, Middle East and North Africa Programme Manager, Chatham House (QQ 101-113)

we find in each of those conflict zones, but going hand-in-hand with that mass violations of human rights, which are often less visible, certainly when you look at international media coverage.

In Syria, there is an industrial scale of arbitrary detention and torture, and those responsible include state actors, certainly in the majority of cases in that context, and non-state actors, whether they be Islamic State or others. Somewhere like Egypt is particularly worrying, because there had been an improvement post the 2011 revolution. We then saw a serious regression, which has meant that hundreds of people have been subject to enforced disappearance. It is on a really serious scale, so we have been talking about it as worse than what we saw during the Mubarak era, which is very concerning.

So starting from the worst and moving on to where the situation was sort of getting better, the Gulf, which we may come on to more, is an interesting case, because the prevailing narrative, including the UK Government’s narrative, is that is on the slow path to reform, and genuinely there are some interesting initiatives. If we take the example of Bahrain, the UK Government are involved in financing the training of human rights oversight mechanisms. That is a good thing, and we think that the UK are playing an important role there. However, what is going on at the same time and threatens to undermine that good initiative is a regression when it comes to respect for freedom of expression and association and to a continuation of torture. That is where we have an issue with the UK Government, who are not speaking out on that, which undermines the positive role they are playing in supporting those mechanisms.

There are other countries in the region about which there are more positive things to say: Tunisia, Morocco and Lebanon. Tunisia is interesting because, like Morocco before it, it is making a serious effort to deal with some of the mass abuses of the past under former dictatorships with a truth commission, which should get all the support it needs in order to be able to do that work, because it is out of that that you get reconciliation and then long-term changes that can ensure stability in that country and others. So it is very much a mixed bag, from horrors in Syria to some countries that are doing some interesting things that are perhaps more under the radar.

The Chairman: Lord Hannay has questions, still on this theme.

Q102 Lord Hannay of Chiswick: Our previous inquiry was about priorities for the UN Secretary-General. Quite a lot of our witnesses said that they thought the UN was inadequately involved in conflict prevention, particularly in the Middle East, among others, and that it was not given enough resources, tools and effective support when it was involved, as it is in Syria, Yemen and Libya. Could you comment from the point of view of your organisations on whether you think there is a bigger role for the UN in this or whether basically there is not?

The Chairman: One of you mentioned the UN.

Philip Luther: When it comes to the UN, you have on the one hand, as we all know, the impasse at Security Council level when it comes to Syria. That is a major blot on the international community’s conscience—it should be, anyway—and the UK has been playing more of a positive role when it comes to putting forward, with others, draft resolutions, but that has been hampered by vetoes by others, such as Russia and China. There was a recent development at the level of the UN where the UN General Assembly came up with a resolution at the end of
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last year because the Security Council was blocking any advancement in, for instance, referring the situation in Syria to the International Criminal Court. What it came up with is not as good, but at least it is something: the establishment of a mechanism that would lead to some form of accountability.

That is a sign of where the UN has been hampered, and efforts have had to be made at another level that can never be as effective. Saudi Arabian involvement in Yemen is an interesting example. The UN Human Rights Council has played an important role in other conflicts in setting up an independent international inquiry into serious reports of violations. That has happened for Syria, Gaza and many other conflicts around the world. That has not happened to date for Yemen, because Saudi Arabia has managed to block that. It has used its position on the Human Rights Council to block international scrutiny, and that is where we would say that the UK Government, among other Governments, have not done what they should, particularly given their influence within the Saudi-led coalition, to ensure that Saudi Arabia does not block scrutiny. Those are a couple of examples of the UN trying to do something but where there is blockage at a political level and where the UK and others need to do more to ensure scrutiny of violations.

The Chairman: Lord Inglewood, we are getting into a slight traffic jam, as everyone wants to talk about these key general issues. If we can slightly shorten questions and answers, we can get on to more specific things.

Lord Inglewood: I would like to go back to the beginning of the questions. Each of you has helpfully described what you are doing, which is excellent, and I support it, but it is important to go back to Lord Howell's question, which is that as the world is full of terrible things, why, in an area where there is a lot of wealth and when we have real problems in our country, should we be devoting taxpayers' money, and why should citizens be devoting their private money, to the particular activities you are doing?

Tim Holmes: From a humanitarian perspective, it is about looking at where the UK, for example, needs to prioritise resources, and that needs to be done based on vulnerability criteria, where there is greatest need and where people’s rights are being met the least. We have a number of cases in the Middle East where that is absolutely justified. It is justified where we have failed states, very unstable states or states that cannot provide the services that they need to provide across their population. We also have states in conflict that as a result of that conflict cannot do so. We also have states that have resources but are choosing not to use them in a way that supports their population effectively. That is where diplomacy and influence need to be brought, because that is clearly the only long-term solution from a development perspective and as a social contract between the citizen and the state. It is very much justified from both a humanitarian perspective and a rights perspective.

Lord Purvis of Tweed: My question follows that, I am afraid, so forgive me. By definition, you have a global perspective. From our perspective of looking at the UK’s position, are you clear that the UK has a clear strategic plan for the region? If so, are the funding and the structures for funding matching that? If not, where could that be strengthened?

Rebecca Crozier: It is not always clear that the UK has a clear strategic plan for the region. Sometimes we are aware that there might be a plan, not necessarily for the whole region but for a particular country, but it is not an externally shareable document. As international agencies, with regard to UK priorities we
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sometimes feel as though we are working in the dark, although that varies from context to context. There obviously needs to be a much longer-term plan. With contexts such as Syria, we are not going to see a resolution immediately. Even if there is a peace agreement tomorrow, for example, it will take decades to rebuild and to address the impact that that conflict has had on the region. That is what we really do not have at the moment: we do not have a plan within Syria, for example, for the idea of winning the peace rather than the military solution or a security-focused response to issues of extremism or migration. We at International Alert would like the Government to focus much more on the idea of long-term stability as outlined in the building stability overseas strategy, on looking at what it really takes to build stability in a region such as this and on committing to that and investing in it over the longer term, because we will not get stability in the space of one, two or three Governments. There needs to be a long-term plan and a long-term strategy.

The Chairman: Does anyone else want to comment on long-term plans?

Tim Holmes: I would very much endorse that. Two issues come to mind. One is how the UK Government provides the support. There is room for improvement on long-term flexible support that is focused on supporting local civil society. The second is coherence. In a number of contexts, there seem to be multiple UK government objectives that do not always move in the same direction. Yemen is a case in point; there seems to be a lack of policy coherence on the end objective, both from the arms and the humanitarian perspective.

Lord Reid of Cardowan: I have one comment and one question. The comment is that we should spend a lot more time talking about the phrase that Ms Crozier gave us, “winning the peace”, which has been a recurrent point. The question arises out of what Mr Luther said. He gave a specific example that highlights a more general quandary for government: the apparent contradiction between engagement in order to ameliorate problems and at the same time engagement indicating acquiescence in the remaining problems. You gave the example of Bahrain, but I suppose it applies to almost anywhere. To what extent is this apparent contradiction an absolute from your point of view, or is it a case of a balanced judgment? In Bahrain, as you said, the UK is supporting oversight facilities and practices for human rights at the same time as apparently tolerating other breaches of human rights. Of course, a government Minister would respond that if we overdo the criticism, they will not allow the engagement and we would no longer have the relationship that allows us to go in there. To what extent do you understand the quandary of government and that balanced judgment, or do you take the view that these are absolutes and therefore the Government, even at the risk of disengagement, should be saying that they will not tolerate people with whom they are engaged behaving in this fashion?

Philip Luther: We do not see it as an absolute, and in no way are we saying that all démarches must be public and that the UK must publicly voice its criticism. There is obviously a place for confidential and private démarches. We would say that Bahrain has said very clearly that it is supportive of international engagement and has in a way given a green light to commentary on its human rights situation, which is a good thing. We have said publicly that that is to be supported. With the UK, the Government say that that private diplomacy is the best, most effective means where there is regression, such as in cases where people have been locked up simply for writing things on social media, as in the case in Bahrain, or continuing torture. That is what we are challenging, because
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the situation has been getting worse, not better, so it begs the question whether the private diplomacy is working. In our conversations with the Foreign Office, we had a sense that the Gulf summit at the end of last year would be something of a watershed in that it would evaluate at that moment whether the private diplomacy route was working. We very much insist that it does not appear to be, so there should be a review, an evaluation, of whether it is, which may take us more into the public criticism space.

The other point is in relation to arms sales, and there we are very clear: there can be arms sales to the region—that is not an issue—but the big issue is where international obligations are violated, and we believe that that is the case.

**The Chairman:** May I stop you? We are coming on to a specific question, so we will leave it there.

**Baroness Coussins:** Going back to local work on the ground, how do you deal with the social norms in most Arab countries that restrict the social and political participation of women so that your projects can include them, particularly, perhaps, young women?

**Rebecca Crozier:** It is a particular issue on the ground in some countries. We have separate engagement for young women and young men before we engage them together. In parts of Tunisia, for example, one problem is that the labour participation rate of young women is extremely low, as it is in Jordan and other places. We do specialist engagement with young women. In Jordan, we are doing some work in the tech sector getting young women trained as coders to work in tech companies. It means doing a lot of work with young women themselves, with the companies that might employ them in future and with the families and communities of the young women to sensitise them and raise awareness that the inclusion of young women in the workforce is beneficial not just for the women themselves but for the wider community. The work in that respect is dependent on strong relations with civil society organisations that are already there on the ground working on women’s empowerment, because those organisations have already built up a level of trust. It is about identifying those agencies and working with them over the long term. You cannot do that in one year, because you are talking about changing societal attitudes. It takes three, four, five years to open up that space to allow women to come out more into the political sphere and the economic sphere. That is broadly the approach that we take. I say again that it has a long-term focus.

**Tim Holmes:** I would endorse that and will summarise by saying that it needs to be led by young women and women’s rights organisations in those contexts. Our support needs to be guided by them. They know what is best in terms of what is possible, and we can help them to bring experiences from elsewhere and enable them to raise their voice beyond where they might be comfortable to try to put issues on the policy agenda to have that wider-level change. Oxfam has a number of examples of working with incubators or labs from an economic empowerment perspective or from a political participation perspective to support women with technical and advisory support about the best way they can bring change to their own lives and to their communities, whether in the legal sphere or the economic, social or political spheres.

Q103 **Lord Hannay of Chiswick:** In your answers and introductory remarks you have recognised that there are some countries in this region—Tunisia, Morocco and Lebanon have been mentioned, and we could perhaps include
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Jordan—where there is reasonable stability and some elements of democratic institutions and respect for human rights. Then there are others where there are authoritarian regimes, sometimes of a pretty unsavoury kind but sometimes of a less unsavoury kind. In the evidence we have had, we have heard, including from young people at a round table that they now tend to prioritise stability and internal security above democracy and human rights—perhaps not so much human rights but certainly democracy and democratic institutions. How do you think the British Government should be handling their activities in this region, both with regard to the group of democratic hopeful counties and with regard to the authoritarian ones? This is not about how your own organisations should operate now, but about how you would like to see the British Government involved in this area. Are we right in thinking that there is not really a binary choice and that there are groups of countries that are rather different and need to be handled rather differently?

Philip Luther: The situations need to be handled differently. If you take countries such as Tunisia, Morocco and Lebanon where important reforms have happened in recent years, the UK Government can build on what they say is an important element of their foreign policy, which is building effective torture prevention mechanisms, and make that a focus of British diplomacy.

In each of those countries, torture has been a major issue in the past and remains an issue. There is even a bit of a regression in Tunisia, despite the gains made after the transition, partly in the context, which is always a dangerous context for human rights, of the security and counterterrorism operations. There are legislative reforms under way in Morocco, for example, and national preventive mechanisms are being established, or should be established, such as in Lebanon which, since 2008, when it ratified the optional protocol to the convention against torture, has not made progress on the national preventive mechanism.

The UK, with its own experiences and with that being part of its diplomatic strategy, can play an important role and should do so. It should also—this is an important element that runs through our commentary—call out regression when it happens, even if countries are on the path to reform. It helps no one, and it does not help stability where there is regression when it comes to torture, as happened in Tunisia, or there is repression of freedom of expression and civil society is being squeezed, as has happened in Morocco. That needs to be called out.

The UK has joint committees with the Governments of some of those countries, such as Bahrain and the United Arab Emirates. There the question we would ask is: if, as the FCO says, human rights are mainstreamed, are human rights a standing agenda item on those joint committee agendas, and, if not, why not? Do human rights have a prominent enough place in the Gulf initiative that was started in 2011? Human rights should be more mainstreamed in the dialogue that happens at many different levels between the UK Government and those Governments.

The Chairman: Rebecca Crozier or Tim Holmes, security and staying alive against crazed gunmen and suicide bombers really is the first thing, is it not?
Rebecca Crozier: I am quite surprised by what the young people told you, because in some ways it runs counter to some of the things we have heard. We recently did some research in Tunisia on the Libyan border. We talked to more than 700 people who said that their main concern was not insecurity or terrorism, which is the Government’s main concern in that area, but economic issues, such as having a job and a good education system. Human security issues are the primary issue. They want more infrastructure; they do not want more police.

The young people we have spoken to in the suburbs of Tunis are taking decisions that involve high levels of insecurity to themselves: getting on a boat to come to Europe, for example, or travelling to Libya or to Syria to fight. That is not because they feel insecure in their environment, although it is partly because of that. They are taking a decision that is going to make them more insecure because they do not have a voice and do not feel that they have a future or are being listened to. ISIS, for example, offers being part of the future and of building a state. Coming to Europe on a boat is worth the risk for the prospect of a future.

This discussion needs to be taken in context. Whether people feel that they will prioritise their own safety and security or see their security as more human security depends on who you are talking to. A lot of the young people who have spoken to us have told us that without a job or any prospects for the future or any say over the decisions that affect your day-to-day life you are not living anyway, so why not go and fight for Islamic State or get on a boat? Suicide is another option. There are high levels of suicide in some areas.

Tim Holmes: Briefly, it is a probably a truism that every context is different and we need to deal with each context specifically. Of course, that applies to countries across the Middle East where reform has perhaps made some progress, but we all recognise that a lot more progress can still be made, whether it is in building the capacity of Administrations or in pushing through certain reforms.

I would also challenge some of the assumptions. I do not know whether you have seen the Arab youth survey, which has been produced for the past eight years, I think. It has come up with a number of interesting statistics. The question referred to two categories of country – those that are more stable and reform orientated and those that are more authoritarian. There is a third category: conflict-affected. In that survey it was, I think, Iraq, Yemen and Lebanon that felt that democracy should be prioritised over stability. That is not necessarily what you would expect. We need to treat some of these datasets or impressions that we get at a generalised level with some caution. I reiterate a point that I have already made about support for civil society. If we are going to categorise countries in the region broadly into those three areas, by supporting civil society in different ways related to the specific context of those countries, one can have the right level of entry and the short and long-term impact that is needed.

Baroness Hilton of Eggardon: One of the most contentious issues in the region is our arms sales to Saudi Arabia and Bahrain. Some people are
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suggested that we should be suspending our arms sales in favour of human rights, or at least using the leverage that we have because of them to create better, more democratic societies in some way. Do you feel that the British Government should be doing more in this way or should be doing it more overtly and not just in private discussions behind the scenes?

Tim Holmes: Clearly the UK has legitimate security relationships in the region and with those Governments. The question for us is how those interests are best served. We see the UK’s security interests as being damaged by arms sales where they are seen to be fuelling abuses of human rights and international law. It is also, as Philip said earlier, about delivering international legal commitments, so it stops being a choice. If we as a country have signed up to an arms trade treaty that requires certain things of us, it is about fulfilling that requirement. As you will be aware, the arms trade treaty says that where there is a risk of violations of IHR through the sale of arms we should be withhold those sales.

There are significant negative implications for the UK when it is seen as being in breach of that treaty. It is damaged in terms of the perception that it is one rule for one and another rule for another. Where the UK is seen as putting commercial interests above its international legal obligations, it is particularly damaging. We have allies that are seen to be careless, to put it mildly, about civilian safety and adherence to international law. There are reputational implications of this. We also need to think about where such activity against civilians is contributing to violent extremism and future fragility. From Oxfam’s perspective, which I understand is shared by Amnesty—Amnesty will contribute further—the UK needs strictly to adhere to international humanitarian law and arms trade treaties.

Baroness Hilton of Eggardon: You say that we are diminishing our influence in the region by collaborating with Saudi Arabia and Yemen in the use of barrel bombs in Yemen, for instance?

Tim Holmes: There is certainly a strong risk of that. I would go further and say that there is a risk not just within the region but globally. If the UK Government has been one of the Governments driving the establishment of the arms trade treaty, and then when they are put to the test they crumble, it is of great concern, it is a precedent and it has implications for elsewhere.

Lord Purvis of Tweed: I know you cannot speak for the whole of the NGO international community, but from your own perspectives would you be in favour, as some have suggested, of expanding beyond simply the risk of human rights violations with the use of weapons so that the arms trade in the UK is linked to a higher ethical standard and we supply arms only to countries that have developing and improving good governance, such as anti-corruption measures, for example?

Philip Luther: I can speak only for Amnesty. We are not advocating exactly that. To be clear, if we take the two examples that were helpfully given on Bahrain, if the UK is supplying radar to the Bahraini navy, we are not at the moment opposing that. Where we would have a problem is where the UK supplied equipment that could be used, as happens, for the oppression of peaceful protests in which individuals are killed or injured. I very much back up everything that Tim has said: that when it comes to arms supplies to Saudi Arabia we should emphasise the test in the arms trade treaty, which the UK has championed, about risk. From our perspective, the risk is so clearly there
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because not only have there been incidents in which UK weaponry has been found—in some cases we are talking about cluster munitions that were sold a number of years ago—but if you look more broadly there is overwhelming evidence that the Saudi-led coalition has violated international humanitarian law and committed, in some cases, what could be war crimes. Therefore, the danger is exactly as Tim put it: being complicit in war crimes. That has even greater consequences, not only reputational ones but potentially legal ones.

The Chairman: This is very strong language.

Tim Holmes: We are in a situation where potentially the arms trade treaty is not being implemented. The focus should be on fully implementing the arms trade treaty rather than on introducing additional criteria. It was a long-fought campaign to get it in place, so now let us make sure that everyone is held to account to deliver it rather than introduce new criteria.

Baroness Smith of Newnham: Slightly playing devil’s advocate, while I can see that we should not supply arms to Saudi if they are then used in ways that create war crimes and whatever, beyond that is there not a danger that if we say that we will not supply arms to Saudi Arabia or Bahrain unless they meet certain criteria, we will not actually improve humanitarian standards in Saudi or Bahrain but will merely open the market to the Russians or other people who will queue up to sell armaments there? We might say that we will improve conditions, but we would not really be doing that.

Tim Holmes: My response is quite simple: the UK Government have signed up to the arms trade treaty, so they need to comply with its terms. If the UK Government no longer agree with those terms, they should renegotiate the treaty. The treaty requires the UK Government to fulfil those criteria.

The Chairman: Another slightly different question from Baroness Coussins. It might have to be the last.

Q105 Baroness Coussins: This last question is about corruption, which, it seems to be agreed across the board, is prevalent across the region. The issue certainly came up quite strongly at the round table with young people. It has also been the subject of other reports and seems to be present in just about every transaction, from getting a driving licence through to the highest levels of government. Can any of you give specific examples of countries in which your organisation is working where you have identified any political will to combat corruption? On the back of that, what would you advise that the UK’s priorities should be in this area?

Philip Luther: I will make two points. First, let me give one example: Morocco. Morocco has set up an anti-corruption institution, which is to be applauded. It is an institution that we have met. Diplomats from many different countries have also engaged with it, and I am sure the UK has too. So that is good. In setting up that institution, Morocco has therefore symbolically taken a stance on corruption. That institution helps with the reform of legislation, which can help longer term.

One thing we would say to counter that picture is that when individuals in Morocco are imprisoned for exposing corruption, that same institution—perhaps it is not strictly part of its mandate—is silent. The Government, of course, are behind the imprisonment of those individuals. Again, the setting up of that institution is great, but in order for it not to look as though it is window dressing
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it needs to be matched by an effort to ensure that people are not imprisoned merely for exposing corruption, even if it is highly embarrassing and highly damaging to the Government’s reputation.

The second point takes us back to the Gulf. We have not done work specifically on the link between corruption and the exploitation in particular of the vast number of migrant workers. However, others have made a clear link, and we would say that migrant workers face problems connected with corruption and that there is a link between that and the ineffective safeguards in some places to ensure that they are not exploited. There has been a spotlight on the situation in Qatar because of the World Cup, and a narrative there that they are on the road to reform and are making legal changes to help to improve workers’ rights. However, our analysis is certainly that that is far too slow and that the most recent changes to the notorious sponsorship law, which facilitated the exploitation of migrant workers, has been window dressing; it has not addressed the key problems of employers being able to withhold passports, workers needing exit permits and workers not being able to change jobs because of the employer’s hold over them. That is linked to the whole world of corruption and to the terrible exploitation of migrant workers there.

Q106 The Chairman: I have a final question. I should tell the Committee that the next speaker has not arrived, so we can ask more questions.

You are dealing with a region, particularly the Gulf, where there are societies and countries of untold wealth building cities that are 100 years ahead of us and that are pursuing fantastic new technologies and with enormous riches. At the same time, we have heard, particularly in your remarks on Saudi Arabia, which were not very friendly, that you are in a way setting yourselves above these Governments and criticising the way they are looking after their citizens’ safety. They might say, “Our priority is the safety and prosperity of our citizens. These other issues are important, but we’ll be the judges”. What feedback and support are you getting from these immensely rich communities in pursuing your very commendable work and concern for human rights, the rule of law, fair and good government and so on? Are you getting any support at all?

Tim Holmes: I can speak from a humanitarian and development perspective. Yes, these countries have a lot of wealth. They are relatively new to the game in supporting relief and development operations in countries in the region and elsewhere in line with international standards and under international co-ordination mechanisms. We have a number of issues relating to funding in countries where they are belligerent to the conflict. That is always a challenge.

Secondly, as I have already alluded to, there is a need for technical support in how best to make such interventions in other countries, from quite a traditional charity model to a more rights-based model, and for the learning that the UK Government and others have on how to have effective relief and development assistance.

Thirdly, there is also a need for effective co-ordination. An example is Yemen, where some Gulf states have chosen to fund the humanitarian and reconstruction efforts there but outside the UN system, which is causing a lot of chaos.

The Chairman: Rebecca Crozier, help or hindrance from the region itself?
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Rebecca Crozier: My only comment is that the overwhelming need in the region from organisations such as ours is to support the democratic transitions, such as on participatory governance. That is where the UK can bring far more expertise and experience than the Gulf states do, which are obviously very wealthy but do not have that particular expertise. The response from civil society is a call for support particularly from UK-based organisations, UK funding and western funding to support them to set up systems and the civil-society oversight of democratic systems.

The Chairman: Mr Luther, the last word.

Philip Luther: I have two quick points to make. First, where we have engagement, such as in Bahrain, we get the feedback that being a critical friend, for instance in commenting on reforms, or providing input into reforms that are on the way, and the way they are working or not working, is appreciated at least at some levels. It might not look like it in public exchanges in the media, but that is the feedback that we get.

You mentioned Saudi Arabia. I guess the positive feedback tends to be more at a civil society level across the Gulf, and it is gratitude for the support. Members of civil society, particularly human rights defenders, have been put in jail or threatened with such actions in Saudi Arabia, so they are in a very difficult position. We need to challenge the Government’s line that for instance clamping down in a heavy-handed way on demonstrations in the east of the country and executing political dissidents, as they have done, is a way of ensuring stability. This is what creates grievances among members of the Shia minority and others.

The Chairman: That is a very good dilemma to end on. Thank you very much for your views, which are very helpful. Your work must be very hard and, I suspect, very frustrating at times. We congratulate you on your motivation and efforts. I should have said right at the beginning that this was of course a public session, and there will be a transcript that you can look at later.

Examination of witness

Professor Umut Özkırimli.

Q107 The Chairman: Professor Özkırimli, welcome. Thank you very much for coming to see our Committee. We appreciate your presence very much. We want to share some thoughts with you and for you to share your thoughts with us on complex and important issues. This is a public session, so it is recorded and there will be a transcript, which you can alter, adjust and comment on as you wish.

Let us start at the heart of the matter, which is what really is driving Turkey’s foreign policy today. Is there a reorientation or re-pivoting towards Europe and NATO? Just give us the general picture of what you think is happening.

Professor Umut Özkırimli: In many ways, it is very difficult to say, because it is shifting fast. If you are working in the area of international relations or political science and trying to follow Turkey from abroad, you have to check Twitter and social media every couple of hours to see what has happened. That even goes for foreign policy. What is going on right now? We can only offer a snapshot of the moment because, as I said, things are happening quite fast. A year ago, Turkey and Russia were on the brink of what many saw as war, when the Turkish air
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force shot down two planes. There was an embargo by the Russian Federation. Then, all of a sudden, we see Turkey and Russia working together to settle the Syria question and to obtain a ceasefire. It is very complex.

Right now what is more certain is that, yes, there seems to be some sort of distancing from the West. If you looked at domestic political discourse, chills would go down your spine, because it is very anti-West—anti-American and, to a certain extent, anti-British, although not with any content; it is mostly conspiracy theories. The ambassador in Ankara, His Excellency Richard Moore, has great public relations skills. He is very active on Twitter—he is almost a Twitter phenomenon—and is trying to respond to every threat and accusation that the Brits are behind this or that, including any kind of terrorist attack.

On the surface, there is a distancing, but in reality the options open to Turkey are not that great. First, Russia and any other partners in the region are not that reliable and a competition is going on for regional hegemony. Secondly, Turkey economically and in many other ways—politically and militarily—is very dependent on the West. It does not have natural resources such as oil. Most of its trade is done with the European Union. What would the implications be of completely cutting ties with the West? That is hard to tell, obviously.

**The Chairman:** How does that fit in with what is going on inside Turkey? We read about Gülenists and Kemalists, about the army having to be restructured by the civil authority and about the tradition of military influence in modern Turkey. How does that affect what you have just said?

**Professor Umut Özkirimli:** One thing that I should have said at the beginning is that I am not best known for my diplomatic skills, so I will try to be as straightforward as possible—I think that is also better for the purposes of this meeting. It is very complex, but in a nutshell, again, it is best to give the ultimate answer, which is that all these bitter feuds and political skirmishes are pretty much over. What we can call, in the terms of an academic, an analyst or an activist, a one-man authoritarian rule is in the process of being made. It has been in the making since 2013, but the constitutional change that is currently being voted on in the parliament will make this de facto change into a de jure change. We are talking about a regime change, in many ways. The President will have all the powers with no checks and balances. I am sure that members of this Committee are aware of the ongoing witch-hunt in Turkey with regard to civil servants but also dissidents and those who are thought to be affiliated with the Kurdish political movement. It is quite a gloomy picture, to be honest.

**The Chairman:** We will come on to Kurds and, indeed, Syria later.

Q108 **Lord Jopling:** Turkey has for a long time aspired to join the European Union. I was in Istanbul only a few weeks back and I would have thought that that aspiration is totally dead, but it is still a member of NATO. I wonder whether you would say a word about how you see its membership of NATO, given that Mr Erdoğan is looking for more and more power, which is not in the spirit of NATO. Could you see Turkey divorcing itself, or being divorced, from NATO over the years ahead?

**Professor Umut Özkirimli:** You are definitely right in your observation regarding the European Union. The membership negotiations do not seem to be going anywhere. In the past, five or six years ago, the European Union could play a carrot and stick role in relation to democratisation or economic stability in Turkey. That has now disappeared from both sides. First it was Chancellor Merkel
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and Sarkozy and then it was the accession of Cyprus. When I am asked questions about this, I usually say that the European Union is no longer a factor. What would hurt or at least make Erdoğan reflect for a few more minutes is NATO membership. The Government try to portray Turkey as a regional power and they think that by developing friendly relations with Russia they may not need NATO. Once again, we are talking about the rule of two strongmen, neither of whom are entirely predictable. What will happen if the deal breaks down on the Kurds in Syria, something that we will come back to?

The authoritarianism may not be the main problem at the end of the day from a realpolitik perspective, but stability and security are. The Erdoğan Government are not at the moment able to provide this. There is a terrorist attack every other week by any group that wants to organise a terrorist attack anywhere in the country. Intelligence is in tatters, to be honest. We have our families and loved ones there, and we are living in constant fear. We are trying to judge—because when something happens a gag order is imposed immediately—who might have conducted the terrorist attack, whether it was against civilians or against police or security officers.

As far as I know, there is no clause for excluding or getting rid of a member of NATO, but Erdoğan is using anti-NATO rhetoric. It is escalating. Especially after the new year attack at the well-known nightclub when 39 people were killed, not only pro-Government newspapers but Erdoğan himself accused the United States not only of not helping Turkey in its fight against terror of breeding Daesh or Islamic State in the first place. I would prefer to call it Islamic State because it calls itself Islamic State. The rhetoric that is used is not about the West, but they say, “We’re members of NATO, we’re supposed to be allies, but we’re left alone”. That reached its peak after the July 2015 coup when it was clear that the West was a little hesitant in realising what happened—to be honest, we do not know very well—and it started to become much more visible as the months passed. Two weeks ago, it was at its height. Anti-NATO sentiment is huge.

Baroness Smith of Newnham: You suggested that most Turkish trade is with Europe. You have said that Turkish membership of the EU seems to be off the agenda—and I wish you could have come and said that during our referendum campaign when it was being used against the UK staying in the European Union—but Turkey has for the past 50-odd years been part of the customs union. How far does that affect Turkey’s relations with Europe, and are there lessons for the UK if that is where we might end up?

Professor Umut Özkitirimli: I have been following the recent debates in Britain. First it was the Norwegian type of membership and now there is talk of a Turkey-type of membership. It is in many ways apples and pears. Turkey is quite dependent on the European Union. We know to a certain extent that pro-Brexit politicians would probably not tell us this, but Britain is dependent on the European Union, too, but it is not the same. Almost 50% of Turkish external trade is with EU countries and, as I pointed out, there are no natural resources. Turkey is highly dependent on natural gas from Russia and Iran, but this does not solve the problem. If they shut down the gas, Turkey would have to turn to Germany or some other big country.

In that sense, the customs union is not something that can left behind and Turkey does not want to do that. That is said openly. In the past, the customs union was seen quite unfavourably as something to stall Turkey’s membership, just a toy. Right now, it is seen as a positive thing because of the euro crisis in
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Europe in 2008, the refugee crisis and—seen from the Government’s perspective and from a Sunni Muslim perspective—rising populism, far-right feeling and Islamophobia. All these things are acting as deterrents.

Financial problems are huge. That is why I have to check Twitter every two hours. The dollar rate is breaking records every two hours. As I came into Parliament, it was 3.82 USD/TL. To put that in perspective, it is the weakest the Turkish lira has been against the dollar in the past six or seven months, the second part of 2016, and the Turkish lira is the currency that was most devalued among developing countries. Everybody thought that Mexico would suffer most after Trump’s election, but the Turkish lira devalued more. This is the beginning, the economists say. There are not many independent economists left in Turkey, but all the credit-rating institutions say the same thing: there is an impending crisis. So the customs union is a must. To what extent that will set up a model for Britain, it is difficult to tell.

The Chairman: That is another issue, as they say.

Lord Hannay of Chiswick: The picture that you paint, which I recognise very well, is one of Turkey with an awful lot of enemies at the moment in its own eyes. It now characterises the Kurds virtually wall to wall as enemies, not just the PKK\textsuperscript{80} but more widely. The Gülenists—in this country we all have some difficulty understanding what it is suggested they have been doing—seem to be regarded as a fifth column of very great importance that has to be rooted out. IS\textsuperscript{81} has clearly become a major enemy, and now you say that Turkey is now talking about the West as being the enemy as well. This is a pretty poor prospect for a country which, as you say, does not have very good natural resources and depends a huge amount on external trade. Do you think that this is just a passing phase? How do you see, for example, President Erdoğan looking at the new US Administration? Is he likely to look at Mr Trump as a fellow strongman, and could he say that now that President Obama is no longer there he does not have to talk a lot of anti-western talk? How stable is the situation? It looks very bad at the moment. Is it set to continue and get worse or could there be some quite surprising changes?

Professor Umut Özkirimli: That is the question that I was dreading most and I was hoping to have last. What I say will be pretty much speculation, since we do not know and the situation is changing quite fast, but I have prepared for question the best I could. The picture is pretty much like this. You do not have to be a Turkey expert to see the changing trends. I was writing a book with two Swedish colleagues comparing—again, it is apples and pears—Sweden and Turkey through the model of discourse. Sweden was presented as the model of a social democratic welfare state and Turkey as a successful combination of Islam and democracy, hence a good model for the Middle East to emulate after the 2011 revolutions. We said to ourselves, on an informal note, that if we had published that book back in 2011 or 2012 we would have been ridiculed today. Sweden has closed its borders, the far-right party is third in the Parliament, and we know what is happening in Turkey. As you summarised, it is pretty much everywhere. That is the discourse that the Government and the pro-Government media are trying to cultivate.

\textsuperscript{80} Kurdistan Workers’ Party
\textsuperscript{81} Islamic State
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We are currently engaged in a second independence war. The beginning of their rewriting of the nationalist narrative is that we are creating a new Turkey through another independence war because everybody is against us. This was the motto of Turkish nationalism from the beginning. It was the Kemalist motto too. I was raised in primary school with the expression, “The Turk has no friend but the Turk”. It is still the same. The Government are openly and unabashedly an Islamist Government who are trying to undo the secular premises of the republic without being ashamed about it, but on the other hand they are pretty much sticking to the same nationalist discourse. It may be a non-secular version, but it is the same thing.

Let me squeeze Trump in here and see what could happen. For some odd reason—I think it is misguided—the Turkish Government were very positive when Trump was elected, mainly because of their hostility towards Obama but also probably because they thought that it would play into their hands. Trump, at least at the rhetorical level, is pro-Russia—or let us say has a softer attitude towards Russia in all these things. That caught many experts, including Turkish nationalists, by surprise, given Trump’s rabidly anti-Muslim rhetoric. So I do not think that this will last long once Trump assumes power, given his appointed Cabinet, who are well known for their anti-Muslim stances. It is very hard to predict, because we are talking about two unpredictable actors; we do not know what will happen with Trump and we do not know what could happen with Erdoğan.

One thing that could be said in favour of Erdoğan as a politician is that he is very pragmatic. Aside from his ideological beliefs and world view, which he tries to implement within Turkey and to a certain extent abroad, he can change very quickly—as we have seen with Russia and Israel. After the flotilla incident, there were no embassies anywhere. Actually, Turkey had zero friends with its foreign policy attitude.

Lord Hannay of Chiswick: Zero enemies.

Professor Umut Özkirimli: That was made fun of in various outlets. At the end of 2012 Turkey did not have ambassadors in four or five countries: Libya, Egypt, Syria, Israel—you name it. But now Israel has sent a new ambassador to Turkey and they are having talks on a regular basis.

The same goes elsewhere. There is a little military base in Iraq, for instance, and the Iraqi central government in Baghdad threatened Turkey and told it to pull its soldiers out. Turkey said that it would go to war over it but last week made a deal to withdraw its soldiers. How could you predict that? Mainly because—this is the big answer to your question—a dictatorship in Turkey is not sustainable, precisely because of a lack of resources and the heterogeneity of the population. This is valid in other cases as well. We see the price—either collapse or a lot of repression and brutal violence. Turkey is probably not a country that would allow violence to rise to that level against the Kurds, the Alevi and the dissidents. And, as I said, the economy is completely dependent. So something will probably change. But will or could the change include Erdoğan? We cannot tell.

Q109 Lord Reid of Cardowan: Thank you, Professor. What comes across is the unpredictability of Turkey’s position when it comes to external relations. This is partly because of internal alliances, alluded to by the Chairman, of the apparent opposites of Islamic-based values apparently allying with secular values, of the Kemalists and Eurasians and so on, particularly in the
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military—the unsustainability and unpredictability of that alliance—and partly because of external events. So in the middle the question is where the UK stands on this. What is the view of Turkey at present and what is the health of the UK-Turkey relationship? What role, if any at all, does Turkey think we could play in the region, as well as with Turkey, or does it now take the view in the wake of anti-Americanism and anti-western sentiment that “This lot should stay out”? and for historical reasons: “They brought down the caliphate and so on and they are now doing the same again”? Is it as bad as that? How healthy is the existing relationship, and what should the UK attempt to do about it?

Professor Umut Özkirimli: I will just give you the Government’s picture. It might be only my own reflection, but it is pretty much as with the EU. The UK is no longer seen as a major actor, for two reasons. One is the reluctance of the UK to engage in the Middle East, especially with the Syrian question, which was very dear to Erdoğan’s heart, first for ideological reasons but now for practical reasons. What happens with Kurdish autonomy? The jihadists now flowing into Turkey are creating a problem. In the past, the borders were completely porous. Now the question is how many sleeper cells there are in Turkey. This is not something that Turkish intelligence or the Government know. If a member of the riot police can kill the Russian ambassador in the middle of Ankara at an exhibition, it reflects a serious lack of intelligence and capability. There is talk of Turkey becoming—not militarily or economically at first, but in other senses—a failed state. Could it become one and would it be allowed to become one? Perhaps Libya could, but what about Turkey?

I was following domestic debates, knowing that this would be one of the first questions I would be asked. The second reason is that now, from Turkey, when you look at Britain both from the opposition’s perspective, whatever is left of the opposition, and the Government’s perspective, the UK has its own problems. Obviously, as you can imagine, the appointment of Boris Johnson as Foreign Secretary was not the most popular thing the UK did, precisely because he was very involved in criticising Erdoğan. He was the winner of a defamatory poetry competition in the Spectator. I do not know whether these words should be on the record, but he mentioned Erdoğan’s name alongside goats—let us put it that way. Then all of a sudden Boris Johnson ends up being Foreign Minister.

His visit to Ankara made things a little better and I think that the Prime Minister will visit Ankara soon, trying to soothe fears that the European Union will not keep its part of the refugee deal. In that sense, Erdoğan would look at the United Kingdom as an ally. It always has been in the past. The few pro-Turkey countries in the European Union included Britain, Sweden and Italy until a change of Government. So Britain was among Turkey’s friends. But, all of a sudden, with the rise of this nationalist rhetoric and mind-set engulfing the whole country in different ways, the historical fears and the skeletons in the cupboard that were completely forgotten started to reappear. Do they want Britain or the United States to get involved in Syria—and, if so, how? Because the main question is not whether to be involved in Syria but who you support in Syria. In the last couple of months, it seems that they have come to a point of transition with Assad. Even though they are not saying it publicly, it may be imaginable. But the
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support that has been given to the PYD, the Syrian Kurds, in Iraq and Syria constitutes a major problem.

The Chairman: I will stop you there, because we want to come on to Syria and the Kurds in a second, but you have given a very clear view about the UK. Thank you very much.

Q110 Baroness Coussins: Moving on to Syria, how stable would you assess the alliance between Turkey and Russia on Syria to be? After all, it was quite a surprising alliance to emerge, given that Turkey and Russia had been on opposite sides on Syria until then and the series of flashpoints and provocations during 2015 and 2016. Do you think that this alliance can last? What would Turkey’s red lines be in negotiations both on the ceasefire and on future arrangements in Syria, whether to do with Assad’s position or with other issues?

Professor Umut Özkirimli: Turkey seems to have only one red line, which is possible or potential Kurdish autonomy in Syria. That will take not the form of independence—not for geopolitical reasons but because the Kurds themselves do not ask for it—but some sort of autonomy within an independent Syria. If Russia and a resuscitated Assad continue their line, first, do not interfere with Turkey’s attempts perhaps to get into a clash with the Syrian Kurds over, for instance, Manbij, the next step after al-Bab, which it has been trying to take for some time. Erdoğan openly claimed two weeks ago that the next stage will be to take Manbij from the PYD. The United States is trying to secure an evacuation of Manbij. The Kurds said that it did, but the Turkish Government said that the Arabs left behind were Kurdified and are pretty much affiliated with them. That is one thing. What would Assad do? In order to harm Turkey and get rid of Turkish influence in the region, he withdrew his army from the Kurdish areas after the Arab revolutions, deliberately leaving that area to the Kurds so that they have their own problems and do not continue to support the rebel groups.

Let us just assume that this drags on and Assad slowly re-establishes control over the main areas of Syria. What would happen? We know from the historical record that the next step will be the Kurds. He is not going to leave them, as in Iraq, to be on their own. If that happens, this alliance between Russia, Syria, Turkey and Iran might last quite a long time, for strategic, not ideological, reasons. They will all have their own enemies. Putin’s strategy is to keep Assad in power and to secure his bases on the sea front. We have seen how fast Turkey can leave its resistance to an argument and change sides in exactly a year. In 2015, Russian planes were shot down, yet last year the Russian ambassador was shot in the middle of Ankara and there was no uproar by Putin, who we know can invade countries over one-tenth of that. The shooting has been investigated by Russian intelligence, but there was nothing, and one week later we had the deal over Syria in the way that the Russians want it. The deal has been broken on the ground several times, but it is holding better than the previous ones because Turkey has withdrawn its support from some of the rebel groups and is trying to keep them in check, so it might last. This would be the most worrying thing, I guess, from the perspective of the UK and NATO. Whatever Trump may say or tweet, Putin is probably not a good friend of the western allies or worldview—you name it.

82 Democratic Union Party (Syria)
Ms Rebecca Crozier, Middle East and North Africa Programme Manager, Chatham House (QQ 101-113)

The Chairman: Are you saying that Turkey, which used to be a deadly enemy of Assad, is now in the interests of other forces suddenly finding that it is not the deadly enemy of Assad and will work with Russia because there is more to gain on that side? Is that what is happening?

Professor Umut Özkirimli: Yes, in a word. Obviously, rhetorically, Erdoğan is still not admitting that in front of the cameras, but from the deals we know what is happening right now. The deal that has been signed is very vague when it comes to transition.

We should not forget that three or four years ago Erdoğan and Assad were very close friends as well. They were going on family holidays together. Things started to change in 2011, when Erdoğan, counting on their personal relationship and on Turkey’s political and military clout, thought that he could influence the direction of change in Syria. When this did not happen, Erdoğan in many ways lost his calm and they became sworn enemies. That is why Turkey is suffering. Most of the ills that we associate with Turkey today are caused by Syria. Three or four years ago, it was said that the third world might come out of Syria. Of course it will probably not happen, but the point is that it created a lot of ills and it is plaguing the whole region and the whole country precisely because of what is happening. ISIS carried out attacks in Turkey before but never claimed them. Now, they are not only claiming what they are doing, but they are publishing. The latest issue of their weekly magazine had Erdoğan’s profile picture on the tip of a gun—to be assassinated, basically. We know that fears of that kind are mounting. Erdoğan is very well protected.

The Chairman: As the Kurds come into it in every way, Lord Inglewood.

Q111 Lord Inglewood: You have covered much of the ground that I was going to ask about, but if we think about the Kurds we obviously think about them in two distinct bits: the Kurds in Syria and the Kurds in Iraq. As far as Iraq is concerned, we have received evidence that the general consensus is that some form of good autonomous governing relations within existing borders should pertain. Is that an assessment you would agree with? That being the case, what would be the Turkish assessment of what such arrangements might be? How does this relate—you have already touched on this—to what is going on in respect of Kurds in Syria and the Turkish attitude towards them? There are obviously Kurds in Turkey as well.

Professor Umut Özkirimli: That assessment is pretty much correct. Right now, Turkey would not oppose some sort of governing autonomy in northern Iraq with the Kurdistan Regional Government. That also shows the erratic nature of Turkish foreign policy, because we know quite well that when the Gulf War happened and the no-fly zone was created, Turkey had pretty much the same fears as it has today about Syrian Kurds. In time, it found a way to accept the Kurdish reality and they became major trading partners. This is a mutually beneficial relationship. Right now, the only thing that Turkey says no to openly is a change of borders in Iraq. In that sense, but in many other respects, this whole end of Sykes-Picot discourse is pretty thin. It is just mythical, a headline. Turkey is not opposing any kind of autonomy. Seeing this, Barzani, who had earlier this year declared that he would hold a referendum about independence, first postponed it until the American election and has now postponed it indefinitely. He still keeps it as a political instrument to use for domestic purposes, but the referendum about independence is not going to be held; at least, there is no date for it. Some kind of de facto autonomy is something that
Ms Rebecca Crozier, Middle East and North Africa Programme Manager, Chatham House (QQ 101-113)

the Kurds in Iraq—the Kurdistan Regional Government—seek and that the Turks would say yes to.

Then we come to the clashes within the Kurdish political movement, because Barzani and the PKK/PYD, or the Syrian Kurds, are sworn enemies.

There have been many attempts to come together around the table, which would be a nightmare for all the countries concerned—not for Iraq anymore, since there is nothing left, or Syria, but for Iran and Turkey—because if these two forces came together, stopping Kurdish independence or the establishment of an independent Kurdistan would be very difficult. This is how they are playing their hand, because there is a struggle for hegemony within the Kurdish political movement about who will lead or dominate the movement. There are basically two contenders: one is Barzani and the other is the ghost of Ocalan—let us just put it that way, since he is in prison—but the PYD is implementing his political programme to a large extent.

The assessment is correct. What will happen will, I guess, depend to a large extent on the West. The UK and the United States will play a major role, because if they support pro-independence or pro-autonomy movements in either country, first, relations with Turkey will get even worse, and, secondly, the Kurds will probably stop being the largest nation without a state, which is a demographic fact.

Lord Grocott: Looking at the Kurdish communities in Iraq, Syria, Iran and Turkey, as far as I can see the Turkish Government have different policies towards the Kurds in each of those four countries. That is quite a difficult thing to explain domestically, I imagine. You can understand it, I suppose, as a minority within your own country, but can you give me a brief portrait of the Turkish Government’s attitude to the Kurdish communities in each of those four countries?

Professor Umut Özkirimli: They are friendly with the Kurdistan Regional Government in northern Iraq, led by Barzani, and they are not that friendly with the Opposition led by Jalal Talabani and other movements, the Gülen movements. So far, they do not control the Kurdistan Regional Government. So as long as their relations are good with Erdoğan, the Iraqi Kurds are not considered a threat, because Barzani is also quite at odds with the PKK. In that sense, Iraq is fine. Iran is not something that they would want to go into. It is a smaller minority and it is under tight control. The Iranian version of the PKK, the PJAK, was defeated militarily by Iranian forces a year or two ago, so that is a no-go area and is not on Turkey’s agenda.

In Syria, there is a problem, for a number of reasons. It has the longest territorial border—it is about 900 kilometres—and apart from 100 kilometres it is all controlled by the Syrian Kurds. The relationship between Syrian Kurds and Turkish Kurds is not only political and institutional. We are not talking only about the PKK and the PYD; we are talking about families. That is why there is this organic unity between the two organisations. A Kurdish family living in Turkey might have a son fighting for the PKK in the Qandil Mountains in Iraq and another son fighting in Kobani. This is what happened. For the Kurds, the battle of Kobani has become a mythical founding moment for symbolically right reasons. It was called the Stalingrad of the Kurds.

83 Kurdistan Free Life Party
Ms Rebecca Crozier, Middle East and North Africa Programme Manager, Chatham House (QQ 101-113)

The Syrian Kurdish issue is completely different. The Kurds are a minority in Turkey, but they are a sizable minority. We are talking about 15 million people—one fifth of the population. We do not know the exact number, but that is the estimate. It is the largest Kurdish demographic concentration in the four countries. You have a movement that has organic links of political and kinship relations in Syria, and that movement is claiming to practise—let us focus on claims—Ocalan’s project of democratic autonomy, with some sort of confederation of states where there will be municipal councils and all. It is a threatening idea.

One of my research areas—actually, my main area—is nationalism, the state and all that. Ocalan’s ideas are threatening for many in the region because he denies the existence of states. He is a nationalist but he does not accept the concept of a nation state. He says that we can aspire to cultural and national autonomy within different political structures and non-state structures. So for instance if Assad goes to Salih Muslim and says, “Okay, let’s make a deal. You rule your own country, you do your education, you use Kurdish, of course, but in external relations and foreign policy you will be related to me”, the Kurds will not even waste 36 hours agreeing to that. They made that deal in the past, when the whole revolution started, but once they saw the opportunity to establish their autonomy, they parted ways. However, they never clashed with the Syrian army. They did not touch each other, and they fought against the same enemy, Islamic State. It was a different situation with the rebel groups.

To sum up, two things are very important for Turkey. The first, as I said before, relates to what will happen in the future regarding Kurdish internal factional dissent and whether Barzani and the PKK could come to terms and join hands and go for some sort of autonomy. It does not have to be a large Kurdistan, by the way. They are speaking of a more independent federal situation in Iraq and then an autonomous region in Syria. Iran is a pipe dream—it is not going to happen—but Turkey will be alarmed because it has the largest minority, and with two Kurdish entities on its borders it will be really hard to control. That is why, like Israel, it is building a wall. It announced today that it will be finished in April. It is will stop the passage not only of jihadists—that is, of course, one of the aims—but Kurdish fighters who move in between.

Lord Hannay of Chiswick: To follow this up and to get a slightly clearer picture on the Syrian Kurds, is the Turkish attitude towards them very hostile? Is it caused by their links with the PKK, or is it because they are Kurds? One is remediable and the other is not. Is it conceivable that if the Syrian Kurds not only did a deal with Assad for some regional autonomy but renounced their links with the PKK, the Turkish Government’s attitude would move towards their attitude to the Iraqi Kurds, or is that just unthinkable?

Professor Umut Özkirimalı: It is conceivable, and not only for political correctness purposes. Of course, everyday racism or political racism is widespread in Turkey towards several minorities, such as Armenians, and there is rising anti-Semitism, but Turkey has worked very well with the Iraqi Kurds over many years. In fairness, we know that Erdoğan was the only politician in republican history who attempted at least to start some sort of opening and a peace process. Whether he really meant it or whether it could have been done that way, he was the only person who could talk openly about this, appear on the stage with the most famous exiled Kurdish singers, or allow broadcasting in
Kurdish—okay, it was at 6 am for half an hour, but still. These are small steps, but at least they are steps in the right direction.

I have studied in England, and we know how long it took for the northern Irish question to be settled—and can we say that it is completely settled now? All these questions linger on. The Kurds may for some reason deny their links with the PKK at some point—which they do, by the way; they say they are different. The West does not accept the PYD or the YPG as a terrorist organisation, even though everybody knows the organic links between the two groups. They are organic links in the sense that the PKK receives soldiers and when it checks the IDs of the fighters they capture that they are either Turkish or Syrian citizens. It is pretty much half and half. I mean, it is not even.

So it is conceivable, if things evolve in a direction that would satisfy the Turkish Government, but would it ever happen? That I am not so sure about. Would the Syrian Kurds deny all links with the PKK? That would mean also denying most of the things that they are building right now, such as local autonomy. There are various violations of human rights—I know both sides of the problem—but we should also mention that this is the most progressive political project in the Middle East right now, with women chairs and gender equality at all levels. PYD forces in Raqqa include women soldiers. Much has been made of this. There are pictures in glossy fashion journals about fashion. H&M even tried to devise a series based on the khaki uniforms of the PYD women fighters. It was accused of being sexist, and it was removed. So it is not very easy to deny all links to the PKK.

The Syrian Kurds have already renounced military and political links, but ideologically or symbolically it is not possible. Two days ago, the Washington Post ran a piece by its main Middle East correspondent about the training by the Kurds of rebel forces fighting against ISIS. They are not only trained militarily. Wherever you go, you see Erdoğan posters. There is a huge cult of personality. His books are a must for reading and curricula. The Arabs form only a quarter of that amorphous thing called the SDF—the Syrian Defence Force—which the Americans created to placate Erdoğan. Three-quarters of the force are Kurds, and one-third are very sympathetic to these ideas. They say, “Yes, that’s not a bad idea. Why not?” It is conceivable, but it is very difficult, and what will happen to the 15 million who are captive within the borders of Turkey?

Q112 **Lord Reid of Cardowan:** I think my question may have been answered. It follows on from the one asked by Lord Grocott. If Erdoğan accepts—indeed, in some way supports—the KRG in Iraq, if he is content with the Iranian position, where although the Kurds do not have autonomy, Rouhani has gone out of his way to build chemical facilities there and to allow Kurdish language classes and so on, and if he is prepared to tolerate something inside Syria that resembles the KRG, why does he not envisage that being possible inside Turkey? I think your answer was that he tried at one stage, but it came to nothing. Is that the case, or has it now gone beyond any possibility, even if there is autonomy for the KRG in Iraq, the YPG in Syria and the benevolent centralised dictatorship in Iran? Even if that is the case, is it your view that it would now not be possible to return to try to reach some form of accommodation with the Kurds within existing Turkish borders?

84 People's Protection Units
Ms Rebecca Crozier, Middle East and North Africa Programme Manager, Chatham House (QQ 101-113)

**Professor Umut Özkirimli:** There are two answers to this question, so I have not answered completely in many ways. I will try to be as quick as possible, because it is very complex. He did try, but neither side was that committed to peace. I am on the side of those who see that the peace process was obliterated by Erdoğan when he realised that peace was making him lose votes, which was very apparent in the 2015 election. He lost 9% of the votes, most of which went to the Kurdish party. For Erdoğan, it was just a strategic thing, and when he saw that it did not work, he went back to war to win the nationalist votes, which is the second answer to your question. Even if he wanted to right now, with all the wreckage or havoc that has been created there, with whole cities obliterated—it is not only Erdoğan’s fault obviously; it was the PKK’s decision to move into the cities—and the suppression, which was brutal, there is no going back any more. That would probably be my answer.

I do not know whether you are approaching a conclusion, but what will happen in future in Turkey? Even if Erdoğan goes, which is something that most of us—the more objective and the more activist—believe, apart from the pro-Erdoğan, historical analogies are always problematic, but we are approaching the sort of polarisation in society of post-World War II Germany and all that. Even if the political system went back to a secular or some other more democratic model, the societal rift that has been created in recent years along different fault lines—secular, pious, Sunni, Alevi-Sunni, Kurdish-Turkish—is so deep that it will take years to overcome. That is the sadness of the situation.

Q113 **Lord Jopling:** I think we have covered a lot of what was in my question, but perhaps I could put it this way. To what extent are there discussions in Turkey about the rising influence of non-state actors and discussions about frontiers? When I was in Istanbul recently I was struck by the huge number of people who were placed under arrest and incarcerated following the coup. How much discussion is there in Turkey on all these issues, or is it all clamped down on? Are you saying that Mr Erdoğan’s future may not be very long one, which makes me wonder whether you would be happy going back there?

**Professor Umut Özkirimli:** I say this for strategic reasons. His future may not be a long one. There is the conjunction of the refugee crisis, Islamic State, and the economy, which is a big question that we do not know the answer to, but despite that he may last for a number of years. The constitutional changes that he is trying to make would allow him to stay in power for ever and do whatever he wants. How much is there left to discuss? I am afraid there is nothing, and it is getting worse by the day.

My closest friends—academics and journalists—are in prison. I have not been to Turkey since June. My family is there, but I cannot risk going, because right now the authorities do not need a court order to confiscate your passport. They can accuse you ex post facto and just keep you. First they take your passport, then all of a sudden, at 6 am, the police come and take you and put you in jail, and the new state of emergency allows them to keep you without access to an attorney for 10 days and to take you into custody without telling you the reason for a month. This is unheard of in any democracy or even in a state of emergency. People are in jail, but they do not know why they are in jail. Are they accused of being Fethullah Gülen supporters or PKK supporters?

Unfortunately, it all comes down to one person, which for someone who believes in the force of statutes and institutions is very difficult to stomach. If this one
person controls the media, the judiciary, the Executive and the legislature, we are bound to discuss the fate of that one person. What happens if he leaves? We do not know. I tend to say that it cannot be worse, but that would probably just be wishful thinking.

**The Chairman:** Professor Özkirimli, we have to halt there. You have helped us to edge forward a little in the labyrinth of Turkish politics and Middle East politics, and we are very grateful to you for wisdom. Thank you very much indeed for being with us.

**Professor Umut Özkirimli:** Thank you for your invitation.
Mr Paul Danahar, Former BBC Middle East Correspondent (QQ55-71)

Wednesday 7 December 2016
2.30 pm

Members present: Lord Howell of Guildford (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; Lord Wood of Anfield.

Evidence Session No. 7 Heard in Public Questions 55 – 71

Witnesses

I: Dr Richard Haass, President of the Council on Foreign Relations (via videoconference).

II: Mr Paul Danahar, Former BBC Middle East Correspondent; Mr Nicolas Pelham, Middle East Affairs Correspondent, the Economist.

Q55 The Chairman: Dr Haass, good afternoon. Thank you very much indeed for joining us this afternoon for our Committee meeting in the House of Lords at Westminster.

Dr Richard Haass: Good morning from our end and good afternoon from yours. Thank you for asking me. I look forward to the conversation.

The Chairman: We are looking forward very much to having the wisdom of your views and sharing views with you. I should explain that this Committee is entitled the House of Lords Committee on International Relations. That is a pretty broad starting point and, indeed, our current inquiry is broad in its ambitions, but we have to try to narrow it, with your help.

We are looking at the unfolding and ever-changing scene in the Middle East region. We are looking at it from the point of view of UK interests, which of course are themselves changing; that is one of our parameters. We are also looking at it from the point of view of what is going on in the Middle East: the transformation of power with the breakdown of old barriers, new interests, changing energy perspectives and so on. We are looking at it particularly from the point of view of United States policy towards the region and how it is being changed, possibly by your domestic dramas and changes, which we are all watching closely. It is also being changed, obviously, by what is going on in the region, by the way in which the powers, including Russia and China, are playing the scene and by the way in which the Saudis and the Iranians are resolving, or not, their ancient enmities. That is the scene that we want to narrow down to identify our own interests.

I begin, Dr Haass, by asking a question that you must have been asked many times before. How do you think new developments in your country, with the
Mr Paul Danahar, Former BBC Middle East Correspondent (QQ55-71)

President-elect, will influence the changing scene in the Middle East? That is the first question. Will you go straight on from that and say what you see in the Middle East? You have told us in your papers that you think that it is disintegrating, with the old maps going. How do you see that shaping? Those are two big questions.

Dr Richard Haass: Thank you again. It is difficult to answer your first question simply because we are only about one month into the transition. The focus of any presidential transition here is essentially to staff up an Administration. We do not have a Secretary of State. We do not have anything like the sub-Cabinet. Once all this is done, usually the first few months of an Administration are devoted to undertaking various reviews. All that is to say that what this Administration would do in the Middle East is speculation on steroids at the moment, because we do not really know who or what the Administration are.

The one thing that we know is what they are going to inherit. As you say, I have a fairly dark view of a region that is, as I would call it, akin to a latter-day Thirty Years’ War, with conflicts that are within and between states, direct and indirect, proxy—you name it. Boundaries in many cases count for little. You have an odd mixture of strong governments and weak governments. You have a host of non-state actors. All this has come about for local reasons, but also because of what the United States and others have chosen to do and chosen not to do. The result, I think, will be prolonged instability of various sorts along various fault lines.

The challenge for the Administration—I would have said much the same thing about a Clinton Administration, had there been one—is to right-size US policy. This has been a challenge for the United States for years. Where does the Middle East fit within the totality of America’s involvement in the world? What percentage of our resources—military, economic, intellectual, political, the hours in the day—ought it to absorb? How ambitious ought our aims to be? We have seen over the last two Administrations a wide range of answers to those questions, although I think that what you had in common were at times ambitious aims. We saw that in the Iraq war and in the Libya intervention. We saw it rhetorically with the Obama Administration, where, in many cases, this or that leader must go. The big difference in the Obama Administration was a much greater reticence to match resources to rhetoric. We saw that in the Libyan aftermath, in Iraq, in Afghanistan and repeatedly in Syria. On the question of where this fits, the Obama Administration talked about a pivot or rebalanced Asia. Implicit in that was a dialling down of the Middle East, but, again, it was never quite worked out. Indeed, towards the end of the Obama Administration, we had some ramping up in the Middle East, both in Iraq and Syria, as well as the continued prosecution of the war against ISIS.

This is the inheritance for Mr Trump. All we can go on are his pronouncements, where in general there is a desire not to have American foreign policy larger than he and others believe it needs to be. This is not an Administration—at least, based on campaign statements—that seems to be looking for what you might call discretionary foreign policy in large amounts. It does not seek to transform the world. It is something of a departure from the 43rd President and the language of his second inaugural and some of what he attempted in Iraq and elsewhere. I think there would be a continued effort against terrorism and the prosecution of the war with some intensity against ISIS in both Iraq and Syria. The greatest question marks are what sort of ambitions there will be and how they will be pursued in dealing with the humanitarian or political challenges in countries such
as Syria. Perhaps I should stop there rather than filibuster; we will take it from there.

**The Chairman:** Dr Haass, sorry, there is one thing that I should have added at the beginning, but I was diverted by the novelty of talking to you across the Atlantic. We are in public session. A transcript will appear afterwards, which you can change or add to in any way you wish. The other similarly formal point to make is that you have some good friends on this Committee; you will recognise one or two of them, because they will be asking you questions, so be prepared to meet friends in a moment.

**Dr Richard Haass:** I am always prepared to meet friends.

**The Chairman:** Just before I turn to other parts of the discussion and to colleagues, let me say that you paint that scene, yet in some of your fascinating papers, which we have studied closely, you are still saying that there is a role of some kind for the United States. You are not just saying, “Leave this to the playground, to the Russians and the Chinese, and serve them right”. You are saying that America must not stay aloof and that counterterrorism be the preoccupation. Can you elaborate on that view—you want to stay in but you want to get out?

**Dr Richard Haass:** Let me answer it two ways. First, the United States continues to have interests in the Middle East. We have interests in opposition to terrorism; we have interests in opposition to the proliferation of weapons of mass destruction; we have the interest of standing by our ally and friend Israel; we have an interest in the stability of the oil-producing states—even if the United States is, on balance, energy-sufficient, we still import 4 million barrels of oil a day; obviously, we still have a stake in the economic vitality of the world, which continues to be heavily reliant on Middle East oil; we have other obligations in the Middle East and traditional friendships with various Arab governments; we have our humanitarian concerns. The United States has a significant number of significant interests in the region.

The question for policymakers is, I guess, the traditional Goldilocks conundrum of foreign policy: finding a balance between doing too much, doing too little and getting it just right. It seems to me that we want to go light and essentially be careful about too much ambition in the way of political transformation, but I would think that we would want to do what we can on the humanitarian side and be quite robust in our efforts, with whatever set of tools, to reduce the terrorist profile in the region and any chance of additional nuclear proliferation.

So I would say, yes, we have considerable interests and there are things we ought to do to promote and protect them.

**The Chairman:** I shall now ask some of my colleagues to join in this general opening section before we get the details. Lord Hannay would like a word.

**Q56 Lord Hannay of Chiswick:** It is very nice to talk to you again, Richard. I think it is about 34 years ago that we started talking. On these general issues, do you recognise the thought that external actors—the United States, China and Russia—probably have less ability to rule the roost in the Middle East than they used to have and will need to adapt policies to a situation where they will be less dominant in policy-making within the region? If so, what conclusions do you draw from that?
**Dr Richard Haass:** The short answer is yes. The era of external control, which has gone through various phases—it went through the Ottoman phase, it went through the European colonial phase, it went through the Cold War Soviet-American phase and in some ways it went through something of a more limited American phase—is essentially over. That is not to say, at the other extreme, that outsiders have no sway. We obviously continue to have sway, whether it is what the United States does or does not do; Russia has just proved its ability to shape events, Turkey is showing signs of renewed activity. But I think the balance, or mix, between outsiders and local states, including Israel, Iran, Turkey, Saudi Arabia and other local actors, has clearly shifted from outsiders towards insiders. It is part of a larger trend in the international system of the dissemination or diffusion of power. It is just harder for outsiders to translate what might be their advantages on paper to results in reality.

The most powerful example of this is the massive American investment in Iraq and Afghanistan and the relative modesty, shall we call it, of results, given the scale of our military, economic and diplomatic efforts over the past decade and a half.

**Lord Reid of Cardowan:** Hello Richard, nice to speak to you again. I cannot claim to go back 34 years, but I do not think Lord Hannay has ever played bluegrass music in your backyard in Washington. It is really nice to see you again.

My question is quite narrow. As Lord Hannay said, the big actors from the West and the East may have less power over events there, but if President-elect Trump—to drag you back to him, which I know you will welcome—makes counterterrorism, whether through ISIS or any other follow-on body, because this is a movement that may well keep regenerating itself, the central feature of what he does, it implies at least the forming of alliances with others, perhaps in a closer way that has not been done before; specifically, in the case of Syria, given Russia’s enhanced status now, with Russia. I know that we cannot take everything that has been said for granted, but given some of the comments that President-elect Trump has made about future relations with Russia, and specifically about President Putin, do you see this as reality rather than rhetoric? Do the wider implications of such an alliance worry you?

**Dr Richard Haass:** Thank you John, it is wonderful to see you again. Just earlier this week, I met with one of your successors as Secretary of State for Northern Ireland, and I would say that it is painfully familiar. So far, at least, the Russian role in Syria has not been much in the way of counterterrorism; it has been counter-Syrian resistance. The percentage of the Russian effort devoted to going after ISIS has been disappointingly modest, as best I understand it. The Russians mainly seem to be about shoring up Mr Assad’s regime, and the way they have gone about it is, to be blunt, quite brutal.

I am not ruling out the idea that we can work with Russia but, for now, it has not been obvious. Perhaps we should still try to work with them, if we can, on alleviating some of the humanitarian pressures. The day may come when we can work with them on some kind of political transition; I do not know. Depending on what happens when people start returning home, the Russian incentive to do something about terrorists and groups such as ISIS and al-Qaeda offshoots may increase if they start seeing more of them showing up within Russian territory itself, but for the foreseeable future it seems to me that the Russian agenda is to
Mr Paul Danahar, Former BBC Middle East Correspondent (QQ55-71)

strengthen the writ and reach of the Assad regime. At the moment, that is the reality.

To me, the big question that I would want to test with them is whether there is potential willingness to co-operate, not in the short run to unseat the regime—unfortunately, I do not think that is a realistic goal—but to work with us on alleviating the humanitarian crisis that is in part caused by Russian, not to mention Syrian, behaviour. We ought to test that, and if we cannot get what we want I think we ought to go very public with what the Russians are doing or not doing. All in all, I have been frustrated by the lack of emphasis they have given to the counterterrorist dimension of the effort there.

Q58 The Chairman: Dr Haass, before we go on to some rather more specific issues—we have just touched on one, Syria—I will ask you one more general question. You have had your political uncertainties in a big way. We have had ours too, including our now developing plan to exit from membership of the European Union. Would you like to give us some friendly transatlantic comments on how you see that and how it affects what we are trying to do together?

Dr Richard Haass: I should say that my enthusiasm for that particular initiative is distinctly finite. I worry about it, in part, for what John Reid and I worked on: it potentially has consequences for the internal integrity of the UK and in particular for Northern Ireland. It seems to me that it adds new uncertainties to the European project. While so much of this was motivated by the economic side, I worry that too many people in your country and around Europe seem to take for granted the geopolitical and strategic contribution of the European project, beginning with the Coal and Steel Community. The fact that war in much of Europe has essentially become unthinkable is to me a great accomplishment, but, almost like oxygen, it tends to go unnoticed.

I just worry that a new generation is coming of age that does not seem nearly as sensitive to what Europe has contributed to stability and seems mainly to see Europe as a source of frustration. In some cases, that is justified—I am not going to sit here and defend every regulatory practice that comes out of Brussels—but I worry about the absence of what you might call overall perspective on things Europe. Sure, I worry about Brexit, not just about what it might mean financially for your country and for Europe but about the knock-on effects around Europe.

I suppose the extreme optimist in me would say that it is conceivable that out of this could come a more realistic Europe of degrees of integration. There are lots of expressions for it in the literature. Just maybe that it what could come of it. My own view is that Europe has made all sorts of errors historically, in particular by introducing the euro and a common monetary policy without a fiscal counterpart. I just do not understand the structural unevenness of Europe, but we are where we are, and now the question is whether this can be managed, at least in a way that is not wildly disruptive. Again, the optimist in me hopes that it might lead to creative conversations in which arrangements could be reached with your country and then conceivably others that would move towards the embrace of a more varied set of relationships between capitals and the centre.

I realise that that is all easier said than done; it will take a lot of time, and it will be distracting. It is what I sometimes say about ourselves. I look at the inbox that we all—governments, all of us—face and it is piled high as it is. This seems
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to be one of those things that we voluntarily, or in this case you voluntarily, added to your inbox, and I wish you had not.

The Chairman: I think we better leave that subject, because our focus is on the UK’s position post-Brexit, so we will move on to the more hopeful future. I think we should get to a specific issue now: the Iran situation. I know that Lord Hannay wants to lead on that.

Q59 Lord Hannay of Chiswick: Yes, I wonder whether we could turn a little to Iran. While respecting your desire not to speculate too precisely as to what a Trump Administration might do in relationship with Iran, could you take us through a little of what a new Administration might do and what the consequences of the various options might be, particularly with respect to the Iran nuclear deal, the P5+1 deal, to which we and other European countries, Russia and China are parties, as well as Iran? Could it survive if the United States pulled out but the others stayed with it? Would the Iranians stay with it? How do we cope with the problem of Iran’s ambitions in the nuclear field without such an agreement? Could we make that agreement longer than 15 years—perhaps generalising and globalising some of the constraints in it? Could you speculate a little not on what Trump will do but on what might be?

Dr Richard Haass: I find it useful when thinking about the Iran agreement and Iran more generally to divide it into three pieces, and your question got at all three of them, so let me break it down. One is: what do we do about the agreement for the duration of the agreement? Secondly, what we do about Iranian behaviour in realms not covered by the agreement? Thirdly, what do we do about Iran in the nuclear realm beyond the agreement? There are three different buckets, to use an inelegant word for which I apologise.

Let us put aside the question of whether this agreement is the one we would have negotiated or not and put aside my enthusiasm for it, which is tempered. It is the only agreement we have and it is mid-life, shall we say. I think we ought to insist on Iranian compliance. We ought to comply ourselves. As you know from your career and I know from mine, compliance is not black or white; there are always greys. The Iranians already have complaints about some areas, such as economic fulfilment. We have some concerns about what they are doing. We ought to be scrupulous about compliance, because in the short run, were this agreement to break down, we would not be well served. While this agreement is in effect, on balance it serves our interests in the nuclear space, and if we were the ones to take the initiative to undo it I believe we would achieve the unfortunate, extraordinary result of making ourselves more isolated than Iran. I do not think that is something we want to do. Sanctions against Iran at a time when we are seen as the ones who had led to the unravelling of the agreement would put us in an impossible, or undesirable, situation.

Mr Trump, even during the campaign, if I understand him right, did not talk about tearing up the agreement, as some of the other candidates did. Although he was critical of the agreement, he talked more about improving it. Already, the nominee for Secretary for Defense has articulated his view that we ought not to tear up the agreement. So my guess is that the emphasis will be on living with it, being scrupulous about holding the Iranians’ feet to the fire, and so forth. On balance, that is wise, because the agreement significantly reduces Iranian
capabilities and increases the warning time we would have if the Iranians moved towards so-called break-out.

What the agreement does not do in any way is deal with the full range of Iran’s behaviours. There we have to accept that Iran is now essentially an imperial power. It seeks to advance its aims using a variety of tools throughout the region. It does it directly through proxies and working through domestic populations. It has massive influence in Iraq and Lebanon, considerable influence now in Yemen and it is doing things in Bahrain, so Iran is a real challenge. It is not a self-limiting traditional nation state. We have to acknowledge that, and where its behaviour crosses lines we need to respond. That could be with sanctions if it is support for terrorism. It could be sanctions over human rights concerns. It could be with military force. We could help target Iranian aggression or, if need be, we may need to react directly against Iran. Essentially, we should practice a policy of containment against Iran in the region.

Thirdly, as you suggest, this deal is not permanent. If my math is right, the limits on centrifuges expire in about eight and a half years and the ceilings on enriched uranium expire in about 13 and a half years. We had better think about the follow-on agreement and what kind of constraints we want to continue on Iranian nuclear capability, because the last thing we want is for this agreement to expire and for Iran to be allowed to have an unlimited number of centrifuges of the most modern variety and unlimited amounts of highly enriched uranium. If it were ever to reach those points, the break-out time—it is now estimated that we would have warning that it is getting close to a year—would literally become negligible. President Obama said as much in a radio interview a year or two ago.

We cannot allow that situation to arise, so one thing I think would be ripe for Anglo-American consultations and broader consultations including the Germans and so forth—ultimately with the Russians and the Chinese and then in negotiations with Iran—would be the follow-on agreement. As welcome as a respite is from the Iranian nuclear programme, we need something more permanent, or the result will be not only a more aggressive Iran against the backdrop of a “nuclear shield”, but inevitably a lead to proliferation more broadly in the region, which is just about the last thing we need in what is already the most unstable part of the world.

The Chairman: Those insightful remarks, Dr Haass, pose for us something of a dilemma, as I think they do for you, but perhaps even more for us than for you. Our Prime Minister, who today happens to be in Bahrain, said the other day, “Gulf security is our security”. You know the Gulf well, as we all do, and large parts of it regard the greatest threat to their security as Iran. Are we not facing the dilemma here that our friends fear Iran—indeed, the Saudis express a very strong view, not to mention Mr Netanyahu in Israel—yet we are pursuing a policy that fills them with nervousness and outright fear? How do you suggest we tackle that dilemma?

Dr Richard Haass: I think you are essentially right, sir, in your description. It is not unique, though. We have had other situations in modern history where we have had a multidimensional policy. For example, when we negotiated with the Soviets during the Cold War, at the same time we contained the Soviets and had to reassure you and other allies in Europe. I do not think that in this sense we face a totally unprecedented structural situation, but it requires an awful lot of work to not surprise our friends and to make sure that they feel reassured. On the nuclear side, that might mean, for example, keeping them very much in the
loop about the status of the agreement and our plans for a follow-on. It might also mean at times providing them with certain capabilities in the area of missile defence, with conventional arms or with certain types of security guarantee in extremis.

Again, we have to think about a policy of containing and, where need be, confronting Iran. That involves supporting and reassuring its neighbours, with the caveat that we also have to understand—this is where it gets really complicated to me—that some of the policies and objectives of the neighbours are not necessarily ones that we share. There is a front-page story in today’s *New York Times*, if I have my newspapers right, about how elements of Saudi Arabia are working against the US interest in Afghanistan because of money that is reaching the Taliban and money that is supporting Pakistan, which is providing a sanctuary. This is where the analogy with Europe to some extent breaks down. Our partners in the Middle East are not quite the same as our partners were and are in Europe. We have entered an era of diplomacy that, to me, is incredibly complicated, where we have a large number of countries that do not quite fit neatly on the spectrum of ally or partner but vary from issue to issue, or they might be somewhere in between. That makes it that much more difficult to deal with a country like Iran.

**The Chairman:** Can we move on from Iran to Iraq, another country where we have many woes and common dilemmas? Lord Inglewood would like to ask you some questions about that.

**Q60 Lord Inglewood:** Unlike your previous interlocutors, I have not met you before, but I am sure that is my loss. I will pose a question in two parts, which I think are opposite sides to the same coin. In the evidence that the British Government have given to us, they place great importance on the legitimacy of the central Baghdad authority and on its part in the evolving developments in the country. Obviously, that hinges on both its legitimacy and its capacity. First, how would you estimate and assess the Government in that regard?

Secondly, looking at it from the other side, we are seeing the development of sub-state entities and so on in Iraq. What is the likely appetite in Baghdad and Washington for things developing in that direction?

**Dr Richard Haass:** You put your finger, sir, on two of the big issues that we have all wrestled with for some time. The legitimacy of the central Government is better than it was but not what we would like it to be. The same goes for their capacity, although we have seen some improvements in capacity. I think that the real test will come, as it always has, after the military phase of the struggle ends and places like Mosul are “liberated”. What kind of security and more importantly political governance arrangements will the Government be willing and able to put into place? Will it be enough to satisfy a large degree of the local Sunni population? We will have a market test. In the past, they have failed the market test. We will see what Mr al-Abadi and those around him are willing and able to do, whether the Iranians are willing to back off to some extent and whether the Shia militias are precluded from playing a significant role. I think we will then have the answers to your question, rather than me speculating on it. The past does not give me a whole lot of reason for optimism. That said, ever the optimist I do not rule out the possibility of learning, evolution and change. My guess is that rather than a black or white answer—that it will be a truly capable and
legitimate Government or the opposite extreme—it will be somewhere in between.

That reinforces the transition to your second question. I think you will always have a degree of decentralisation. The writ of Baghdad will be limited, particularly in the west and in the Kurdish areas. The question is what the political compact will be. I think we ought to go with that, in the sense of being totally open to fairly loose, federal, even confederal, arrangements. The real question—it is one that I am wrestling with; I do not have the answer—is ultimately how we deal with Kurdish political ambitions and whether we should be willing to be open to the formalisation of Kurdish ambitions. To me, the issue is on the agenda. Probably the more acute question is less the Iraqi version than the Syrian version—what kind of relationship we have with the Syrian Kurds and how we balance that with our relationship with Ankara, with all the problems, particularly given the current Government. I guess that for the time being my sense in all these things is to avoid explicit formal sovereign status and statehood, with all the symbolism of those things, but essentially to go with considerable autonomy or de facto-like arrangements. We may recognise formal sovereignty in capitals, but we would have very active relationships that go directly to these entities. I guess that would be my advice.

More broadly in the Middle East—let me make one general comment, which makes me wildly unpopular in certain quarters—I do not think it is a vital national interest of the United States, although I will not presume to speak for the United Kingdom, to make all countries in the Middle East whole and that somehow we have a vital national interest in having countries where what happens on the ground comports 100% to what Mr Rand and Mr McNally represent on their maps and globes. I do not feel that that is a vital national interest. We have to be prepared to live with de facto arrangements of de facto sub-state entities, of borders that are not necessarily borders and of federalism of all sorts. The idea that we are going to wake up and have an Iraq, a Syria, a Yemen, a Libya or what have you that are normal nation states with governments in control of every last square kilometre of their territory is past; those days are over. I do not think that the United States should devote calories, much less human lives, to trying to recreate that. Much more, we have to figure out how to make the best of situations where the Westphalian model, if I can put on my academic hat, does not really apply to the contemporary Middle East.

Lord Inglewood: We understand that it is a matter of seeing how it goes, but it looks as if we are creating a Middle East that looks very like the Holy Roman Empire in 1618. Is that right?

Dr Richard Haass: It is really interesting how in the modern world we are seeing such different trends. We are seeing exactly what you say. It is a kind of reversion to the past in parts of the Middle East, where sub-state entities are becoming dominant and weak states are the norm, whereas in Asia we are seeing a super-Westphalian world of very powerful modern nation states. At one and the same time in this world, in two different regions, the geopolitics and the arrows could hardly be going in more different directions.

The Chairman: Baroness Coussins, your question fits well here. If we are not talking to governments, who are we talking to?

Q61 Baroness Coussins: Good afternoon, or good morning, Dr Haass. Do you think that US diplomacy and, indeed, UK diplomacy are keeping up with the
shifts in regional power and the emergence of sub-state actors? Do you think that we are talking to the right people or to people, if they are still there at all, who may no longer be the real powerbrokers in their countries or regions? In your view, have the State Department and our Foreign Office adapted? Do they have the appropriate channels of communication into the region? What can be done to make sure that we are all more up to speed and agile in our engagement with the new interlocutors in the region?

**Dr Richard Haass:** It is a big question; let me try to break it down. First, we have a problem. I say this as someone who has worked in the State Department for quite a while and worked with your Foreign Office quite a lot. If I am right in the analysis of nation states where the central government are not able to fulfil the obligation that governments are meant to fulfil, which is providing security and stability within their territory, it makes it very hard on those who are accredited to it. At least our case—I do not know about yours—we end up having fortress embassies where it is extremely difficult for individual diplomats to venture far out. We have seen that in many places. We have not essentially solved the problem. Where the security situation is sketchy, what do we? We cannot afford to put our diplomats in places where we cannot provide the security. As you know, we had an awful situation in Libya and elsewhere. We have everything in concentrated areas because we can provide a concentrated defence; we cannot provide, if you will, point-defence of every diplomat in every vehicle in every township. We do not have an answer to that. That might mean having more diplomats on patrol with the military and so forth, which is so far from ideal, but there you have it.

On the question of talking to sub-state actors, I would say it depends on the sub-state actor. I cannot imagine talking to groups such as ISIS. They want to bring the world back to the seventh century, we live in the 21st, and the idea that we are going to compromise on the 14th is not an attractive proposition. I do not think there is much to talk about there.

With some other groups that are, shall we say, less radical in their aims, there might be a case for dialogue on a case-by-case basis. You have John Reid sitting at the table, and we all went through the experience of talking to certain groups in Northern Ireland that were in one way or another transition from being paramilitary or terrorist groups to something else. Groups such as the Taliban, or some of the groups in Syria, fall into that grey area. Neither their agenda nor their means are necessarily to our liking. On the other hand, compared to some of the other groups, they are less bad and they might be the best, or the most, we have to work with.

That is not a very satisfying answer, but I am kind of practical on these things. We ought to have a sense of whether it is worth it in terms of their agendas and capacity to deliver. I do not know whether this puts me in the minority, but I have never thought of talking to people as a favour. I see doing diplomacy and talking with groups as simply one tool in our kitbag of ways in which we advance our interests, so I am totally practical about it. If I thought it made sense, I would be willing to do it. If I thought it was a waste of time or too dangerous, I would not. I will use the test of practicality case by case, rather than creating a hard and fast rule.

**The Chairman:** You mentioned, Dr Haass, the complexities of Syria and who we talk to and who we do not talk to. In the remaining minutes, perhaps we can go into that in a bit more detail, because I can see the opening up of a real
transatlantic difference as to how we approach the Syrian situation. Lord Wood would like to ask you a question.

Q62 Lord Wood of Anfield: It is a pleasure to speak to you, Dr Haass. We keep dragging you back to predicting the future under President Trump. Up to now your country and our country have had a position of opposing both ISIS and the Assad regime and being on the side of so-called moderate rebels who have lacked coherence and military presence to make a decisive difference, but if you take President-elect Trump at his word it feels as though he will move the United States towards a different position, taking the threat from ISIS much more seriously with a view to quashing it earlier and possibly having some kind of deal with the Russians with that shared objective in mind and some kind of accommodation with Assad’s continued tenure in power, at least for the short term. Does that strike you as a plausible development of American foreign policy over the next year? If so, does it strike you as a wise one? We will take for granted that we are in a world of bad options. This is not as though it is a desirable strategy.

Dr Richard Haass: Yes, we are in the world of bad options. We are six years down the road and there is a lesson here that bad options do not necessarily improve with age. The choices we had five or six years ago, which did not look glowing at the time, look somewhat better than what we have now. To me, it underscores that not acting can be every bit as consequential in our business as acting. In my experience, in governments people are rarely as rigorous about the likely costs, benefits and consequences of inaction as they are of action. I say that because I feel better pointing it out.

I think what you describe is quite possible. It is always risky to assume that what was said during a campaign carries over into government, but it is quite possible that you would have a policy that basically said, “Let’s double down against ISIS. We’ll finish the liberation of Mosul in Iraq. We’ll go ahead and liberate Raqqa. That is something we can accomplish. We’ll largely do it ourselves and we’ll bring in the Syrian Kurds and others, and we’ll put on the back seat anything to do with the Syrian political configuration”. This would mean backing off support for various Sunni groups.

If that is the policy, I would simply say that it leaves some very big questions. One is: what does one do in the aftermath of the liberation or destruction of the ISIS-held areas around Raqqa? Who provides security? Who provides governance? You would still have what is going on with Aleppo, so the question is whether that allowed to continue? Even if one accepts as a reality for the foreseeable future that the Assad Government are in power, including Mr Assad, what does one do for all the people in and around Aleppo, either just living there as civilians or fighting? Is any provision to be made for them to leave and be made safe? Can anything be worked out there? If not, we are likely to see a tragedy of enormous dimensions. Right now, with a lot of the routes apparently blocked, we are well on our way to seeing a tragedy of enormous dimensions.

Again, while I think the general bias of reducing the US role in the civil war and continuing or increasing the US role in the counterterrorist effort is likely to be the first dimensional approximation of American policy, it still leaves open some very big questions about how it is implemented. I simply do not know whether there are others there yet that have not been announced. My guess is that people are still wrestling with those questions.
We need to understand here in the United States that even if we grow weary of supporting the Sunni groups in Iraq, either because we think they cannot win or because many of them are too in bed with Sunni groups that really are terrorists, the Saudis and others will not. One way or another, this will continue. We should not think that if we decide to end or dramatically reduce our involvement with that dimension of things that translates into ending it. Others will not give up, so that kind of low-level Sunni effort will go on simply without our involvement, which probably among other things means that it could become even more radicalised in terms of who is doing it. The difference between those people and some of the “terrorist” groups such as ISIS or al-Qaeda offshoots starts getting smaller and smaller.

Q63 Lord Reid of Cardowan: Implicitly, and at times explicitly, in the first part of your answer you pointed at an issue that is sometimes rarely discussed—I do not know whether it is the elephant in the room—which is the follow-on from mainly military victories. The truth is that in the West we have been very good at winning wars and terrible at winning the peace. In Iraq, everything went swimmingly for six days. It was the following six years that were the problem. You are pointing out the difficulties in Mosul, Aleppo in Syria and so on. The one example from our history where we tried to win the peace was in Germany, where there was the massive Marshall plan. Are there any thoughts at all in the United States about the need for social and economic involvement, reconstruction and the conscription of civilian trades, from plumbers and electricians to judges and prison governors? After the last 15 years, it is amazing that there has not been more discussion about the need to win the peace. You alluded to one or two areas. Is there any discussion at all on this?

Dr Richard Haass: Well, John, let me say something about the successes of post-World War Two Germany and Japan, which both took quite a few years of occupation. What you had to work with there is for the most part absent from the modern Middle East. These societies were fairly advanced in their industrial base, literacy levels, the relationship between religion and society, the willingness to accept the authority of a Government and the homogeneity of the population. None of these things, for the most part, is present in the contemporary Middle East. We had fairly sizeable occupations in both Afghanistan and Iraq, and I would simply say that we have precious little to show for it.

At one time, we looked—I did a study of it when I was at the Policy Planning Staff—at the United States creating the equivalent not of a military reserve but of a civilian reserve. We would have all sorts of skillsets—from plumbers, carpenters and construction people to teachers—and we would cross-match that with language and other skills. In principle, if you had a nation-building need in country X, we could punch the button on the computer and come up with these individuals who had the language and various kinds of professional expertise. It never went very far. Also, these people cannot do whatever it is they do absent security. That seems to be the prerequisite. There is a bit of chicken and egg. You cannot have security until there is economic development, but on the other hand you really cannot have the economic development absent security.

If I had to guess about my own country, I would say that after Iraq and Afghanistan there is real fatigue. One thing that we are seeing is widespread disillusionment with this heavy-footprint, ambitious foreign policy of trying to
Mr Paul Danahar, Former BBC Middle East Correspondent (QQ55-71)

remake other societies. I do not think that there is much appetite for that after
the experiences of Iraq and Afghanistan. I think we are moving towards a
narrower counterterrorism-type policy, with a mixture of special operations
forces, cruise missiles, drones and the training and equipping of select locals. We
try to keep the terrorists at bay, but I do not think that you will see large-
footprint, large-scale, ambitious programmes to remake countries. I think that
we are out of that business for a while.

Q64 Lord Grocott: Dr Haass, you described very clearly the fluidity of the
situation in the region, including boundaries, loyalties, the viability of states
and all those issues. On Israel-Palestine, where we had news today of the
development and extension of settlement activity on the West Bank, what
certainties remain in foreign policy, which has been so based on the two-
state solution, if the situation on the ground would appear to make that
rather more problematic?

Dr Richard Haass: First, it is noteworthy that we have got through 55 minutes
without this issue coming up, which must enter the Guinness book of world
records for conversations on the Middle East. What is also noteworthy, for what it
is worth, is that if we could snap our fingers and wave our magic wand and there
were to be a two-state solution between Israelis and Palestinians tomorrow, that
would have a virtually negligible effect on everything that we have talked about,
I would argue. The idea that somehow this agreement holds the key to this
troubled part of the world is simply untrue.

Lord Reid of Cardowan: That is why we kept it to the 55th minute.

Dr Richard Haass: That showed great discipline, I thought, great wisdom. I also
think that at last the prerequisites for progress—what I once called, in a different
book, rightness—are not there, given the division of political authority on the
Palestinian side, given the nature of the Israeli Government, and so forth. John
Kerry, as Secretary of State, devoted considerable time and effort but came up
short. That is not a criticism of John; he just did not have all that much to work
with.

So I do not think at the moment that this situation is poised, but your question
gets at something that worries me. If you cannot move ahead now, you want to
preserve opportunities down the road, if we get a moment when the politics may
allow or some of the prerequisites are in place. Therefore; any settlement
activity outside the three blocks that most experts believe would stay in Israel—
there would be swaps to compensate for them with the Palestinians—whether it
is new settlements, the legalisation of outpost settlements or what have you,
seems to me short-sighted. It just decreases what diminishing chances there are
down the road for a two-state solution.

I am one of those who thinks that the two-state solution is very much in Israel’s
interest, not as a favour to the Palestinians but as the best way I can think of to
make sure that the Jewish state is in fact Jewish, democratic, prosperous and
secure. I get uneasy when I see policies that seem to prejudice or jeopardise the
potential viability of a two-state solution, but that, alas, is the way we seem to
be heading.

The Chairman: I am afraid this is unfinished business, like much else we have
talked about. Lord Hannay has the final question to you.
Q65  **Lord Hannay of Chiswick:** You said you were an optimist. I share that position, sometimes uncomfortably. Do you think there is any realistic, non-quixotic hope that the Middle East could be placed in a situation where Iran and Saudi Arabia are not bitter foes and where countries respect each other’s borders, do not interfere, et cetera, or is that so far off that it is not worth even retaining as a medium or long-term objective?

**Dr Richard Haass:** I wish I could sit here and say that I thought there was a respectable chance that that could happen. I just cannot in any intellectual honesty. If anything, I am worried about the other direction. Right now, the Iranians and the Saudis have been fighting what you call an indirect or proxy war in any number of venues: Yemen, Bahrain, obviously Syria and so forth. I worry at some point that the proxy or indirect war could get direct. That is one of the things that I would argue we need to guard against.

No, I see no glimmers of normalisation or regularisation. That might be a lack of imagination or vision on my part. If that is the case, I apologise. But sometimes in our business—you are a more experienced diplomat than I am—there are moments or opportunities when you can advance things. When those moments come up, we ought to exploit them and run with them. There are other times in this business we call diplomacy where the best you can do is try to keep things from getting worse and perhaps new things will pop up that give you something to work with. In the Middle East, I think we are more in the latter situation. It is not a creative moment, it is rather more of a preventive moment. Can we somehow manage to keep things from deteriorating, which may then buy us some time so that one day we can introduce a more creative agenda? But I just do not see the possibility of now.

**The Chairman:** Dr Haass, we have kept you before the cameras for exactly 60 minutes now, and you have been extremely enlightening and helpful. You have not disguised the fact that not everything is coming out in neat solutions or optimistic outcomes. On the contrary, there are all sorts of unfinished business, and will continue to be so.

Nevertheless, we have learned from you, we value your input into our inquiry and I hope we have the opportunity for further discourse. In the meantime, thank you very much indeed for sparing your valuable time with the Committee.

**Dr Richard Haass:** Thank you very much, and if I can ever help in the future, you need only ask, particularly given of my former colleagues on your Committee.

**The Chairman:** Thank you.

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Mr Paul Danahar and Mr Nicolas Pelham.

Q66  **The Chairman:** We will go straight on with our hearings this afternoon. We are now on the record, and we welcome Mr Danahar and Mr Pelham. We have taken away the offending camera so we can all see each other more clearly. Thank you very much for being with us. I just have to remind you formally that this is on the record. There is a transcript; you can alter it later if you want to change or add to it; but we are of course in public.

I think I saw off the record that you were listening to some of the earlier
questions we had with our American colleague, Dr Haass, so you will know the general flavour of what we are after in this Committee, which is to reassess the distribution of power in the region and the changing policy implications for ourselves and, of course, our allies with whom we have worked in the past.

Funnily enough, right at the end we got on to a question that we want to start with from you. That is the Israel-Palestine issue. It was interesting at the end of the previous session that the Committee put it in the current perspective, which is that it is not number one. Everyone thought that if you solved Israel-Palestine you would solve everything; it turns out that it remains unsolved but a lot of other issues have come up which have attracted greater attention.

Let us start with that, because you are both very experienced in this area. What are the prospects for making progress with the Israel-Palestine situation? Is there any mileage left in policy-making for us in this country in this area? How can we engage with and influence the process? Also, does not being a member of the European Union in the full treaty sense affect what we might do?

**Paul Danahar:** In some ways, what happened in the American election will have a big influence on that; I am sure your previous witness talked about that.

The issue is that, broadly, in the new Administration there is not much sympathy for the Palestinian position, whereas there is a lot of sympathy for the Israeli Government position on many issues. However, the President-elect has talked about wanting to do the ultimate deal: he would like to be the one to bring the peace process to a conclusion.

Your language is absolutely correct: we used to talk about an Israel-Arab problem; it is now an Israel-Palestinian problem, because the Arab world is far too busy with so many things. John Kerry said a couple of years ago that within a couple of years a two-state solution will be dead: if we do not act now, we will go beyond the point of being able to reach an agreement.

In many ways, he was right, because what is needed on both sides is leadership that, first, wants to do a deal and, secondly, has the capacity to do a deal. The present Israeli Government is choc-a-bloc with people who do not want a Palestinian state, including Naftali Bennett, the Education Minister, who is a very important part of the Government. On the other side, within the Palestinian leadership, you have people who cannot deliver a deal because they do not have the authority in the Palestinian Territories: either they do not actually run part of it, in the case of Gaza; or they just do not have the authority any more. We have just seen the elections take place in the Palestinian Territories, and the Palestinian President has pulled power towards him again—but he does not have the support of many Palestinians; they just do not think he has delivered.

Unless you can find someone in America who really wants to do the deal and you have leaders on both sides who really want to do a deal, the longer it goes on—the Americans have said that they think that settlements are an obstacle to the peace process, and I think that is a broadly accepted point of view—the harder it gets. There will come a point where you will not be able to have a state because it will have all fallen apart.
But I do not think that peace in the Middle East is any more built around an Israel-Palestine solution because, as you said in your opening remarks, so much of the region is consumed with its own problems.

So I am not optimistic. The further it goes on, the more the Israeli body politic shifts to the right, the less chance there is that anybody on either side will be able to deliver or will want to deliver.

The Chairman: Mr Pelham, that is a gloomy but realistic assessment; do you agree with it?

Nicolas Pelham: I agree with a lot of it. The factors on the ground have not really shifted much for the best part of a decade. Western diplomats have focused on trying to achieve something that does not appear achievable in the short or even medium term. The pursuit of a two-state solution, if "solution" is the right term, has largely been a distraction. The focus should be on the here and now. It is very convenient when you talk to Israeli politicians and diplomats to talk about something in the distant future. It immediately gets into ideological issues and diverts from what should be a very close focus on the dire circumstances in Israel and Palestine itself.

Israel pretty much holds all the cards in this respect, and if it is not ready to embark on negotiating a two-state settlement seriously, it should be treated for what it is, which is a single jurisdiction controlling the Palestinian population registries, controlling trade in and out—essentially controlling not just the Israeli population but the Palestinian population. It should be treated as a single jurisdiction and held to account as one. That means that where the Palestinian population under Israeli rule does not have full rights, there should be much greater focus on pressuring Israel to deliver in the here and now in real terms.

If there was one highlight of diplomacy during that period in which there was, at least at the outset, real delivery, it was access and movement. That was right at the end of the Bush era when there was the road map, which did deliver a change in Gaza and proved how Israel, regardless of whether it has a Palestinian partner, can change the facts on the ground. It also started to deliver greater access and movement, and if there is one thing I think that Britain could focus on both as long as it is in the European Union and once it comes out, it is achieving cross-land access and movement, in particular getting a sea route to Gaza. Gaza will fester ever more and will radicalise ever more without access to the outside world; it is simply not sustainable as it is. Having a sea route to Gaza could alleviate what is an ever-worsening situation.

The Chairman: Do any of my colleagues want to come in on the Gaza-Israel point?

Lord Purvis of Tweed: When President Abu Mazen made his speech about handing the keys back, was that in recognition that, as you say, there is unlikely to be a two-state solution? If there is an intervention by the UK or by other western powers, whether it is a Hollande initiative or a successor to it, would that not just be defeating the reality that there is unlikely to be some form of solution?

Paul Danahar: I think that Abu Mazen often offers to hand the keys back and says that he is going to resign. He also often says that we have reached the end of the road—but we never have, and that is part of the problem. The leadership of the Palestinian Authority has failed to bring in new blood, and what is needed
is a different type of thinking and a more flexible approach to how to deal with the problems. In terms of outside influence, I have spoken to many members of Netanyahu’s Government, his advisers and so on, and they always say that he just does not see Europe as being that important in terms of being able to carry on with the policies he thinks are important. Frankly, he sees everything through the prism of America and Congress. Ordinarily it has been about how to get around a Democrat President—but now a Republican is coming in, so it is very difficult for the Europeans to have much influence not only on the ground but also with the character who is driving so many things.

Netanyahu sees himself as a man who can persuade America, and because so much of America supports him he thinks that he can go round Europe. What would be more interesting is making our case if we are outside the EU. We are listened to in Washington and we are considered to be deeply knowledgeable about what is going on, with a sense of fairness in terms of where we think responsibility lies and what we think should happen. So I think that we do have a role, and in some ways potentially more of a role because we will be speaking to an American Administration from our point of view and I think that, in particular this Administration, will seek our opinion quite strongly. Whether it will make any difference, I do not know, but our voice will be heard.

Lord Purvis of Tweed: Are we listened to in Tel Aviv and Ramallah rather than in Washington?

Paul Danahar: I think we are seen as people who should be listened to but not as people who have to be listened to. They will listen to us, but obviously they do not need to do what we say. I do not think they see what we say must be done as a particular threat because we have offered lots of advice over the years about the settlement issue and the need to ease trade in Gaza and allow Palestinians to move backwards and forwards more easily across the West Bank and in Israel. They do what they want, in many ways. We can persuade them, and we have had some very good ambassadors who have done a good job of trying to make the case privately. But all roads lead through either Congress or the White House and our role is going to be more one of persuading the Americans that this is not necessarily the best way of doing something rather than persuading the Israelis or the Palestinians directly to do something themselves.

The Chairman: Do you want to add to that, Mr Pelham?

Nicolas Pelham: I will say only that it is a reflection from the Palestinian perspective that Israel holds almost all the cards. If it wants to effect change, it can do so. In answer to the earlier question about what difference it would make, it is true that it has shifted right down the list of priorities, as Richard Haass was saying. That said, it is still a black stain on western efficacy in the region. It makes the western ability to achieve a settlement look impotent. If there could be a resolution, I think that the knock-on effect would be quite considerable. It would show that disputes in the region are not necessarily primordial but that communities can resolve their conflicts. We treat Israel and Palestine as almost separate from the rest of the region, but to me their problems and divisions seem to be very much a part of the regional pattern of breakdown in communities which 100 years ago lived together amicably but now do not. What is happening between Jews and Muslims in Israel and Palestine is also happening between other religions and other sects all over the region. It is part of the regional map; it is not an anomaly.
Paul Danahar: One thing that we should remember is that Hamas is not ISIS in a way that the Israeli Government say it is. Hamas is fighting for land and ISIS is fighting for something entirely different in the region. So when we ask about negotiations, the Israelis have had more negotiations with Hamas than they have had with the Palestinian Authority—they just have not done so publicly. That is why we have had an exchange involving one of the kidnapped soldiers and why certain agreements over movement have been made. They can do deals and they can conduct negotiations, but they have to feel that it is in their interest. However, I think that so far they have broadly not thought that it is in their interest.

Q67 Lord Reid of Cardowan: I take the point about the distinction between Hamas and ISIS. It is not an absolute distinction and indeed I thought, although he did not mention it, that perhaps Dr Haass was alluding to that very scenario, although he was not specific. We have talked about the Palestinians and you alluded in your opening remarks to what might be called the increasing intransigence of the body politic in Israel—the shift to the right or being prisoners of the right. To what extent is that a result of external factors? In other words, is what is happening in the Middle East causing the dropping down of the prioritisation of concentration on Israel-Palestine, or is it the external turmoil in Syria and the increasing worry about Iran? To what extent is it internal Israeli factors such as the immigration of particular types of Jewish people from other parts of the world? Is it possible to give us a sense of the balance between those factors?

Paul Danahar: I think that this is largely an internal Israeli thing. Part of it is a generational shift. The parents of today’s 20 year-olds are in many ways more liberal in their attitude towards the Palestinians because their children were growing up during the Second Intifada and were deeply scarred by it. Because nothing has really happened, we have seen more settlers on the West Bank and in East Jerusalem. They have been quite sophisticated and politically active, in some cases even to the extent of undermining the primary process for Netanyahu’s party and thus getting themselves into a much stronger position in Parliament. You have this incredibly fractured Israeli body politic where you need only four or five seats to be very influential. So much horse trading goes on, which shows that if you get involved in politics, with just a few seats you can really change government policy.

We have seen that with the ultra-Orthodox, many of whom are not supposed to be involved in politics at all but have noticed that the only way to push their agenda forward is to become politically active. We have seen that not only with the ultra-Orthodox and the militantly religious settlers; there has been a general change of view. They saw the wall—the security barrier or whatever we want to call it—go up. Many people I have spoken to who are very liberal and believe in a two-state solution have also said, “I sleep better at night because of it”. We are seeing something else. Colleagues of my age remember interacting with Palestinians by meeting them on the beach and travelling to the West Bank. Now a generation is growing up that is almost entirely divided. If you are a Palestinian you only ever meet an Israeli who has a gun. If you are an Israeli there is the idea that if you cross over into the West Bank you are likely to be slaughtered as soon as you do so. These positions have become deeply entrenched, and the more the two sides are kept apart the harder it will be to make them believe that
there is a friend, or at least someone they can do business with, on the other side of the security barrier.

**Nicolas Pelham:** I will come back on that very briefly because I do not see it in entirely the same way. Some 1.5 million Israeli Arabs are becoming ever more integrated into Israeli society. In some ways there is now more contact on the campus, in the workplace and in the health centre between Israelis and Arabs than there was in the past. Settlements are planted right inside Palestinian communities in the West Bank. The reason why the two-state option is moving further and further away is because there is ever more mixing of the populations rather than less, whether that is through Israeli Arabs moving back to the coast or settlers moving into what were in the past Arab coastal cities. There is probably more contact now than there has been. If the two sides really wanted a two-state settlement they would have gone for one, but increasingly what we are looking at is a society that does not want to define borders and ultimately sees a future that is intertwined rather than separate.

**Lord Reid of Cardowan:** Those appear to be two diametrically opposed views. That is not say that there are not elements of truth in both of them, but it is certainly an interesting response.

**Paul Danahar:** The Israeli Arabs are Israeli. They are living in Israel and they try very hard to be part of what they consider to be Israeli society. Many Israeli Arabs that I have spoken to consider themselves to be Israeli—Israeli Arabs, but Israeli. I am talking about the capacity to deal with the relationships in Israel between people who are not meeting—the people in the West Bank and Gaza. I think that there is interaction with Israeli Arabs, but they are a very different group of people who have been leading a very different kind of life over many decades from the lives of the people of the West Bank and Gaza. They have different realities when it comes to dealing with the Israelis.

**The Chairman:** We will broaden this out a bit. I will ask Lady Hilton to put a question.

**Baroness Hilton of Eggardon:** We have been talking about fragmentation in Israel, but generally throughout the Middle East there is increasing fragmentation so that minority groups like the Kurds, Hezbollah and so on, have become important. This poses a difficulty for governments who are used to talking as one government to another. Now there are all these other groups which have proliferated and become important players in the region. Do you have any suggestion about how governments should interact with them? Is the old pattern of diplomacy perhaps not adequate to deal with the new situation?

**Paul Danahar:** In some cases the groups you are talking about are proxies for or are used as proxies by other regional powers. Some like the Kurds have very clear aspirations. Our problem at the moment is that none of them is powerful enough to be able to act on their own, so they are beholden to whoever is providing them with political, financial or military support. It is difficult to deal with these people directly without taking into account the fact that they often have another master.

It rather depends on where you are. We see that the Kurds have a very clear idea of what they want and they have proved they can work well with western armies and western powers, but it is more difficult to work out what the different brigades want in Libya and what the different fighters and militias want in Syria.
and Iraq. That is because the situation is deeply fragmented. In Libya in particular you can walk from one street to another and you are in someone else’s territory. There is absolutely no ideology behind it, it is just a question of “I want this, you want that, and we are going to fight for it”. It depends very much on which area you are talking about and on the history of the people. Iraq, for example, was held together by a strong man, as was Syria, but in Egypt it was slightly different in that you had Coptic Christians trying to manage their relationship with the majority Sunni people. This is a complicated issue and will remain so until things start to settle down and we begin to understand who the leaders are. A major complication is that we do not know who we are really dealing with. I recall speaking to a diplomat in Lebanon in 2012 who said, “There is no Plan B apart from the Sunni business world getting rid of Assad. Then we will take the next tier down and work it out”. Later it was, “The fighting’s terrible but eventually someone will emerge, a Mandela-type figure, who will lead the opposition, and that is the person we will deal with”. But we have not seen that and it is difficult to know who to deal with.

**Nicolas Pelham:** If there was one comment that Richard Haass made that slightly jarred, it was that American policy will become increasingly reliant on counterterrorism measures. It seems that too often in the region when military options should have been the last on the menu, they are the first. Engagement does not cost a great deal and can yield immense results. I think that much of the reason for the fragmentation we are seeing right across the region today is simply down to extremist policies of exclusion and alienation—good guys and bad guys, moderates and extremists. They are very divisive and alienating and they increase conflict rather than resolve it. This is not a region in which conflict is somehow innate. Indeed, for hundreds of years the region was one of the more peaceful, pluralistic and stable areas of the world. These were populations that could live together. We have to look back at the past 100 years of western involvement in the region and ask, “Where did we go so badly wrong? Why have we made such a hash of the place?”. Much of that is through not engaging with the actors on the ground and resorting to military options first.

**The Chairman:** It is a very worrying scene.

**Lord Purvis of Tweed:** Is it about the absence of the dictatorial and repressive strong men in Iraq and Libya, and perhaps a degraded Syria if Assad carries on in the future? Do you think that there is an option for alternative forms of governance in Iraq, Syria and potentially Libya, perhaps with a more decentralised structure that reflects the realpolitik of what you have told the Committee about the territorial desires of the different groups? Can you see those countries being governed in a stable and territorially more secure way by being more decentralised? If that is the case, should the UK actively support that?

**Paul Danahar:** Look at what happened in Iraq when the Americans decided they were going to divide it into this sector, that sector, this sector—they were going to split everything up. There was sectarianism in Iraq beforehand but people lived together on the same streets and intermarried. It was there but it was not the defining factor of life in Iraq. The Americans forced this idea on them. It was terrible. It broke down and caused a lot of the violence we are seeing today. We will inevitably have to let a lot of these wars play out and then, when people get to the point of exhaustion, hopefully they can be persuaded to accept either a Lebanese model or a devolving of regional power. Probably the most successful
way to do it is for us to be involved in local governance; to try and give people something to bypass the problem in the Middle East that if you give money to the top it tends to stay at the top. If we can be involved at a much lower level in the future, when things settle down we can try to rebuild governance in local communities and get involved in things like creating a police force. What people need to see when we come out of this is that they live in a society where they are fairly judged. There needs to be an honest judicial system and a police force that is relatively well paid and therefore does not force bribery out of them. If we can build that into our ambition to devolve power, people will see the change on their front doorstep. That is the key thing we need to do.

However, we know what we are pushing against. I spoke to the Director of the CIA last week and asked him, “Do you think Russia’s ambitions will stop in Syria”? He said, “No. They will continue and widen”—the phrase he used was, “Russia’s on the march”—and they want more influence in the Gulf, Egypt and Syria”. We will find ourselves pushing up against the Russians and their ambitions, which are very different to what we would see as the way to move democracy forward in the Middle East, as we have found over the last eight years. Donald Trump in many ways is not a handbrake turn away from American foreign policy. The Obama presidency was the beginning of that transition away from involvement in the Middle East and I think Trump will be an extension of that. All we are going to see potentially is a vacuum forming that is filled by Russian influence. In the same way, allowing the Arab League to be involved in supporting democracy in Syria, when it is clearly not the best at running democratic systems, was always slightly flawed. The same may be said of the Russians having a much deeper involvement in what comes afterwards than us and the Americans.

The Chairman: Lord Reid, I am sorry. I meant to bring you in earlier. Do you want to follow up on this subject?

Lord Reid of Cardowan: I did not. However, on your final statement there, I will say that I have read your book, which is extremely readable, especially compared to some of the others.

Paul Danahar: It is a low bar.

Lord Reid of Cardowan: Is it really a question of democracy? Is that our starting assumption, or is it stability?

Paul Danahar: We tried stability for a long time by allowing the Mubaraks and the Gaddafis and what not to continue, and it blew up on us.

Q69 Lord Reid of Cardowan: It blew up on us largely because we made it blow up on us in Iraq—certainly to some extent. We intervened militarily through the no doubt good and sincere intentions—I plead guilty; I was in the Blair Cabinet—of liberal interventionism in order to get democracy. That is the question I am asking you. It is an open and moral question. Were the results of that, for the foreseeable future, better than the situation where we had the powerful men who held those states together for bad and worse?

Paul Danahar: I think we have to say to ourselves that it is very simple dealing with people like that, but is that the way we want to run our foreign policy? It may be that it is. It may be that we have to put our national interests first. If there is one thing that has come out of the Arab uprisings that we should all
Mr Paul Danahar, Former BBC Middle East Correspondent (QQ55-71)

champion it is what is going on in Tunisia. It is the only place in the region where people can look and say, “There is a place that is trying. It is not quite working but it might work”. We in the West should try to support the closest thing there is to a functioning democracy in the Middle East—in the Arab world; I am not talking about Israel here. That is where people could say democracy is a Middle Eastern experience. People were told beforehand that democracy is not for the Middle East and it cannot work. I think it can work, and Tunisia is an example of that. I do not think we can impose democracy but we can encourage the right kind of people to meet the values that we feel we should have in our foreign policy.

Lord Reid of Cardowan: Is it your view and Mr Pelham’s view that among the broad swathe of the younger generation—I do not mean only people in cities—democracy is a higher priority for them than, say, secularism or stability? Do they share the presuppositions that we take in looking at the Middle East?

Paul Danahar: I do not think that anyone would take democracy over security. If your daughters cannot walk home from school without being attacked or disappearing, being able to vote is entirely useless to you. Certainly people within the Middle East, in many countries, today will say. “I will take security. I may have to deal with not very pleasant people but I might be able to keep my head down and survive”. People feel slightly let down by democracy because they tried it and it did not seem to work. I am not sure they had the necessary support they needed to make it work. I think you are right: we cannot just say, “You can vote now. Your life is miserable but you can vote”. There needs to be an environment where people can say, “I can walk to the voting station and get back alive”, before voting becomes that important to them.

The Chairman: Do you want to add anything, Mr Pelham?

Nicolas Pelham: Yes. I would be wary of the complacency of relying on strong men. It did not deliver a stable Middle East. There were wars all over the region under these strong men. It is easy to forget what happened with the Kurds and the Shia in Iraq. There were cycles of violence. This is a region that has been living with violence and sanctions for generations. It is worth remembering that a study of youth was published in 2010 in Egypt which looked at the low rates of youth participation in elections and in civil society generally. It concluded that this was an apathetic generation and then, a few weeks later, the youth spilled on to the streets. It does not matter whether you call it democracy, participation or accountability, there are major problems of alienation across the region. If you have not read it, look at the latest fascinating Arab development report, which is horrifying in its figures. Ten or 12 years ago there were five wars in the 22 Arab states; there are now 11 in half of them. Arabs constitute about 5% of the population but they are responsible for over half the world’s terrorist attacks, refugees and displaced population, and 68% of its battlefield deaths. These are really horrendous figures. More has to be done than just putting a strong man in control. It is not delivering in Egypt and it is not a recipe for long-term stability in the region. Something more needs to be done.

Lord Hannay of Chiswick: You have said that the Kurds know what they want. I think you mean by that that they want an independent Kurdistan. We have heard evidence that, although that remains an aspiration, in fact the Kurds are rather realistic, most of them, and regard a high degree of autonomy in the four countries in which they are situated as probably the most they can hope for in
the near future. Could you perhaps therefore define what you mean by the Kurds knowing what they want?

**Paul Danahar:** I think you are right. When you deal with the Kurds they will tell you what they are hoping for and what they are planning to do. Their fighters have also proved that they can be very effective, although by that I do not mean they are expecting to get a Kurdistan. They are fighting for autonomy in certain areas and they are realistic about some of their ambitions. They can be said to have fought in areas that are not necessarily part of the creation of those autonomous areas, but they are doing it so that they are seen to be on the right side in these conflicts. They are much less fragmented. If we refer to “Shia” or “Sunni” groups in Syria, we cannot really say who we are talking about, but when we talk to the Kurds in Syria, we know the kind of people we are dealing with. That is what I mean: they are already drawing the map of what there is going to be in an area.

**Lord Purvis of Tweed:** As an aside, I was speaking to two Tunisians last week, one of whom said that democracy has failed in Tunisia. The response from the other Tunisian was, “Well, Italy has had 62 governments since the Second World War and they are still trying. We should persevere”. I thought that that was an interesting perception. I want to come back to your comment, Paul Danahar, about Lebanon, which has effectively entrenched a confessional system in the constitution as a method of government rather than decentralisation. With your experience, do you think that such a system has the potential to offer a more stable way forward as a form of government in countries experiencing significant conflict? Simply decentralising government has the potential to entrench the kind of divisions that caused these conflicts in the first place.

**Paul Danahar:** When you go to Beirut you will be told, “This summer there is going to be a war”. Every summer there is going to be a war, and we all believed that Lebanon would be dragged into the Syria conflict, but somehow the Lebanese have managed to hold things together. That is largely to do with the fact that they went through their own civil war for some 15 years and they still remember the consequences of that. The reason why their system is holding together is that people can remember what the alternative was. It may be that we end up with something similar in Syria, but anything that can bring about an eventual end to what is going on at the moment will look like an attractive proposition. While what happens in Lebanon is not perfect, at least it offers something that says, “You have a role to play. This is where you can have influence and see your needs being met”. Of all the possibilities, I think you are right: a Lebanese-style solution for Syria is probably the closest we will get because the country has become so deeply sectarian. Communities have been torn apart and there has been so much brutality that it is going to be very hard for people to put their identity to one side and go back to being Syrian again. That is one of the ultimate tragedies for the country. Syria had its problems but the people one met were intertwined in many ways, particularly in urban areas. We cannot get away from Syrian identity politics—religious identity politics—because the situation has been so brutal. People have been thinking, “The only way to be safe is to move into that neighbourhood and to support that group”. The longer that goes on, the harder it will be to put it to one side.

**Lord Inglewood:** Nicolas Pelham, you have talked about the shortcomings of strong men and that something more is needed. Can you tell us what that
something more might be? I would be interested to know if you have any more thoughts in that direction.

**Nicolas Pelham:** I shall try answer both of your questions with one response. I have spent some time while back in London looking at what has worked in the region in the past and what is failing now. There seem to be three key elements that have provided stability. The first is a degree of devolution and the second is a mechanism for managing sectarianism because identity politics are not new in the region. Unlike Europe, this is still a region that preserves indigenous sects, but there is a mechanism for holding them in place. The third element, which I hope will answer your question, is that there was a common market—a means of free movement, access and trade. What has been sorely lost in the fragmentation and partition we have seen over the past 100 years is the ability to move around. At the moment there are very few safety valves in the region. It is an area in which small states and xenophobic rulers have put up ever-higher barriers and where you need an ever-higher number of visas to move around. If you are an Arab from certain states, you will need 18 visas to access the 22 Arab states. There are separation barriers, walls, embargoes and exit permits which make moving around in the region a nightmare. It is often easier to get to Europe, and one of the reasons why we have seen refugees is that people are looking for a way out because there are so few opportunities inside the region. Social mobility and movement across the region are absolutely critical. Something like 10% of the Arab world’s trade is with itself—and this is a region that used to have open borders and open access. I came across a fascinating statistic recently which showed that if you had a tariff-free region and a common market, GDP over seven years would increase by something like $760 billion, the equivalent of Morocco’s annual GDP. The barriers to movement and the frustration that that leads to is something that we will come on to. We need to look at how we can open up the region rather than close it down.

**Lord Grocott:** I want to pick up on what you said earlier, Nicolas Pelham. You have painted a very bleak picture of the Middle East today and have given us an equally bleak résumé of the involvement of foreign powers in the region. What implications does that have for British foreign policy today?

**Nicolas Pelham:** I sometimes wonder whether Britain and Europe in general are now so consumed by their own internal affairs that they are not looking closely at what is happening in the Middle East. A few days ago I met an ayatollah who is an advisor to the Supreme Leader in Iran. I was astonished to hear him bemoan Brexit. He felt that it would be absolutely disastrous for the role that Britain can play both with the United States, because it will lose its collective power from being part of the EU, and its voice inside the EU, and that this would have serious consequences for Britain’s voice in the region.

There is one thing that Britain could do which would make a huge difference. What people bemoan in meeting after meeting across the region is the difficulty of getting visas to visit Britain—not Europe or the United States, but particularly Britain. Track II meetings are held in London but people cannot attend them because their visas do not come through. If one single thing would help to maintain Britain’s influence in the region, it would be allowing people to come over here.

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85 Track II diplomacy involves non-governmental, informal and unofficial contacts and activities between private citizens or groups of individuals (or non-state actors).
**Paul Danahar:** It is now more difficult for Britain to have influence in as many places as it used to because it could be seen to be bringing Europe along. I think the Americans are disappointed about Brexit, but with an Administration that has very little in the way of foreign policy experience, there is the prospect of us being able to have more influence in terms of shaping events where America considers itself to have interests. I think we have quite a strong role to play with regard to where we go from here with Iran. There is a lot of hostility towards Iran in the new Administration, so perhaps we can bring a different perspective to that.

One of our great roles is to help people understand that Islamophobia is not a good thing; it does not help in the Middle East nor in all sorts of societies. Again, we talk about whether it is in our interests to push democracy. Perhaps it does not seem that way, but if you look at Egypt and India, in many ways they seem to have similar problems—massive levels of corruption, bad infrastructure and dysfunctionality on many levels. Their politicians are often equally dysfunctional. However, in India, because you have the right to walk down the street and shout abuse at your leaders, and because you have the right every now and then to vote them out, there is a pressure valve release that works in that society. Do we think that India or Egypt at the moment is making a greater contribution to the world, to the British economy to the values and the things we want to see happening around the world? I think we would say that India is doing a better job of that. We should not underestimate our role from here, but for the near future we have probably damaged ourselves in the eyes of many people around the world because they are waiting to find out how much influence we do have. That may mean that we have to recalibrate how quickly we think we can do things until it becomes clearer exactly what role we are going to be able to have and how people are going to see us in the future.

**The Chairman:** One of the things underlying all our questions, as you have probably sensed, Mr Danahar and Mr Pelham, is whether the intervention of the powers, at least in the old way we used to intervene, is adding anything at all to the process of stabilisation and economic progress. You talked earlier about Russian involvement, and earlier than that you talked about the need to encourage the roots of local government development and so on. How on earth have the Russians got anything to say about local government development?

**Paul Danahar:** I do not think they do.

**The Chairman:** The answer is of course that they have not. What they have is force and gold—not as much gold as they did have but a shared resource and money well distributed is still a way of buying influence in the area. In that sort of context, where are we now? Following Lord Grocott’s difficult question that was met with silence, where are we now in our new policy if military intervention is out? Do we use the new techniques of soft power we talk about or do we just want to stand back?

**Paul Danahar:** I do not think we should be standing back. At the moment we are trying to assess exactly what we should be doing. I guess this inquiry is a reflection of that. We have an important role in the world and in the Middle East. We can have an influence in Tunisia. It has not normally been an area where we have been deeply involved historically—it was never in our sphere of influence—but we should be involved there. As Nicolas said, we should try to make sure that the situation does not get any worse in Israel and Palestine because, if we walk away from keeping our eye on it, it has the potential to get worse. We
should keep an eye on Iraq and make sure that we do not go back to the days of the Maliki-type figure, who sows more distrust and hatred and then it blows up again. We have a role in trying to encourage other western powers, particularly America, not to walk away from the region. We have seen a slow drift away from the region by America and part of our role as a very close ally is to remind them that things come back and bite you if you walk away.

Q70 The Chairman: We have talked a great deal in this Committee about networks. Everyone now talks about networks rather than old-fashioned bilateral Government-to-Government relations. Is there something particular that we could do in helping to build up the Arab League, the Gulf Cooperation Council and some of the new initiatives that are coming out of Riyadh? Given our traditional skills in operating in international institutions and in institution building, have we got a special role there?

Nicolas Pelham: Some of the most effective diplomacy I have seen from Britain in the region has been in Iraq in crossing the religious spectrum and trying to negotiate local on-the-ground deals in Diyala province north-east of Baghdad, where there has been serious displacement of the Sunni population by Shia militias, for returns of populations. Diplomacy can still play a critical role. British diplomats are some of the best in the region. They have a historical knowledge and Britain is still valued because of its historic role in the region. It worries me that there is going to be a moment of realisation. Diplomacy can be very effective. The other area I would explore much more than has been done is reaching out to religious leaders in the region. Too often they are seen as spoilers and extremists. Again, historically they have played a critical role in bringing communities together. Iraq would have been even worse than it is now without the role that the Hausa and Ayatollah Sistani has played. They can be bridge builders as well. Britain can play a role by involving religious leaders where too often political leaders have failed.

Paul Danahar: I would echo the point that we really do have fantastic diplomats across the Middle East. They are deeply involved in trying to understand the countries and they are trusted by people. We should not underestimate that. We are lucky that we have that depth of knowledge and experience. People will listen to us because they know that we have been around for a long while and that our diplomats are people who have been working on something for 20 or 30 years who know what they are talking about. While we work out how we play our role, we should not assume that we are not going to be playing one. We should assume that our influence around the world will be just as important, but the mechanisms by which we do it may be different. We are a really important player in the Middle East because people will listen to us in a way that they will not listen to many other countries.

The Chairman: If this is not a crude question, is our influence also geared to the amount of resource we put into both the machinery of diplomacy and indeed into straightforward support for local activities? We have a list somewhere of the various hundreds of millions that we have disposed of in the Middle East, mainly to poorer communities rather than those that are hyper-rich in oil and hydrocarbon resources. What have we got for all that money? Is the answer “more” or is it “less”?

Paul Danahar: It is hard to say whether, if we had not done that, things would be worse. As I said earlier, we should try as much as we can to help to build institutions from the ground up because it never really works in the Middle East
to do things from the top down. That is why I talked about the police force. We tried to do something like that in Egypt but the Government refused it. If we had been successful during that two-year period to help transform the police, that would have made a difference on the ground for the Egyptians. In Egypt we have gone back so far in so many ways that we are now in a situation that is almost worse than it was in 2011. I would also say that perhaps we need to be more selective. We need to do the things that we intend to stay with because we will not see the fruits of those labours for a long time. It is difficult to talk about local governance when the entire place is falling down around our ears, but there should be an ambition, once things start to stabilise, to build a civil society that can begin to enrich the democratic process and perhaps lead eventually to some form of democracy.

*Nicolas Pelham:* What worries me about the allocation of British aid at the moment is that we seem to be going down the American road of trying to build up local actors; it is becoming more politicised. Aid is going to where it can go rather than looking at the broader social development of the region. This was particularly glaring in Gaza where every effort was taken to ensure that even at the municipal level, where the municipalities were largely being run by Hamas, there could have been engagement. Even though quite a lot of aid was going in, it did not always serve the objectives it was designed for. Just to create a sense of realism: do not let the politics that empower the notion of moderates and extremists determine where aid is going. That can often make matters worse and tends to lead to radicalisation rather than heal the wounds in society.

*Q71 Lord Grocott:* We have managed to get through the hour, unlike with other witness, with barely a mention of Sunni-Shia issues. Perhaps that is because we have not asked the questions. Let me make it a general point. How significant is that relationship or lack of relationship to politics in the Middle East? Do you see these issues becoming more salient in the future or do you see the development of perhaps more pluralist societies?

*Paul Danahar:* It is incredibly important today because Sunni-Shia is how people have had to define themselves in order to survive, and I think that it will take an awfully long time for it to move into the background. I agree with Nicolas that we should not simply say, “They have been doing this for more than a thousand years and so that is what they do”. What has happened in places like Syria and Iraq is that it has become much more important to identify yourself as Sunni or Shia because it is a means of survival—it is a way of saying, “I am less likely to be killed by this person than if I align with that person”. This will be a very important issue in the coming years, although eventually it will move more into the background. However, it is difficult not to consider it as a major factor over the next five to 10 years as we try to help to resolve some of these issues. The other problem is that in places like Iraq there will be a very strong Shia militia. So far it has done well in that it has not been carrying out the atrocities we have seen in other Sunni areas it has gone into. If the bits of the state that are largely of one religion act properly towards the people of the other communities, we may be able to ease some of the tension, but it will be difficult to get away from Sunni-Shia identity and its influence on politics in the region until some of the atrocities are consigned to memory.

*Nicolas Pelham:* I agree with all of that and would add that we have imposed this binary model on the region that historically has not been seen in that way. We think of the Houthis as being Shia when they were Zaidian and always
prayed in Sunni mosques and were considered by the Twelvers to be Sunni. The complexity and subtlety and diversity of the region has become rather lost in this binary division, much of it fuelled by geopolitics. Again, the ayatollah I spoke to was remarkably cynical. He said about sectarianism that we need to mobilise populations and that it will go away when we do not. One of the reasons why these proxy wars have been played out in recent years is because there has been an excess of money from oil revenues to do so. Neither Saudi Arabia nor Iran can afford to fund these wars at their current rate at the moment. Their deficits are soaring because of their external adventures and they will need to rein them in. The agreement achieved at OPEC between Saudi Arabia, Iran and possibly involving Russia was illustrative of that. I do not see a collision course being the only scenario. There have been steps in Lebanon towards setting a precedent for the new Prime Minister with the agreement of Iran and Saudi Arabia. Some talks are going ahead in Yemen, but an uncontrolled Saudi Arabia and Iran could try to break each other up. It can get an awful lot worse but it can also get much better.

**The Chairman:** We have received a rather clear signal that perhaps our question session should come to an end. Your expertise goes far further than our questions, but that would take another hour or so. We cannot do that because we have all been summoned. In the meantime, we thank you both very much indeed for illuminating what is a very dark and complicated area.
Wednesday 9 November 2016
10.30 am

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

Evidence Session No. 4 Heard in Public Questions 30 - 35

Witnesses

I: Dr Christopher Davidson, Reader in Middle East Politics, Durham University; Mr Michael Stephens, Research Fellow for the Middle East, RUSI.

Q30 The Chairman: Good morning, gentlemen. Thank you both, Mr Stephens and Dr Davidson, for responding to our invitation and being here this morning. Before we start, I am obliged as a formality to remind you that this is an open public session with a webcast. There is a verbatim transcript, which will come to you in a few days if you want to change it in any particular way.

Perhaps I should give you a little context. This Committee is conducting a substantial inquiry into changing power patterns in the Middle East and the implications for British policy that follow from that. We are inclined not to go through the usual Baedeker tour country by country but to look at the whole scene and the way in which even countries are becoming blurred and their identities challenged. It is an entirely new world. I begin with a question, which I preface with a remark I heard only last night from a leading analyst who said that we have to roll up the map of the Middle East in 1914, 1918, 1927, and that the countries that were created then are all shaky and in question. The sources of power and influences on the region have changed radically and we are looking at a new scene.

Are we looking at a new scene in particular in the Gulf states? Has the talk of Prague springs and the rising up of liberty, democracy and the overthrow of tyrants in Egypt, Libya and Iraq—though not yet in Syria, although there are certainly challenges—changed Gulf attitudes or UK policy towards the Gulf? It is a big first question. Please both come in as you wish, but perhaps we can start with Dr Davidson, because I know this is an area that you know extremely well.

Dr Christopher Davidson: Good morning. There is certainly a lot to say about how UK policy has changed or otherwise over the past few years. I feel that it is a picture of both continuity and change, in many ways. We have certainly had Britain’s trade continuing with the Arab Gulf states and Britain’s arms exports continuing with many of the Gulf states, and we should not forgot, of course, the substantial presence of many British expatriates who continue to work in many
of these states. We have in many ways also had continuity when it comes to Britain’s alliance structure in the Arab Gulf.

We have seen how Britain has largely supported status quo powers in the wake of the Arab Spring over the past five years, which include key Gulf states. We saw Britain play a supportive role in the small kingdom of Bahrain, ensuring the longevity of that regime despite significant popular protests. We also saw Britain lend diplomatic support in both waves of counter-revolution in Egypt—the first sponsored by the Gulf state of Qatar supporting the political Islamists, namely the Muslim Brotherhood, and the second wave with Saudi Arabia and the United Arab Emirates supporting the coming into the open, as it were, of the military deep state. Britain has certainly lent its diplomatic support to the Sisi regime.

However, there has also been some significant change, with the Saudi intervention in Yemen and the Gulf states supporting of the opposition in Syria. These Gulf states have perhaps not seen the level of support that they would have expected from Britain and other western powers. It is certainly true that the British Government has lent support to the Saudi intervention in Yemen but that has not really gone much beyond words, a few advisers and the supply of weapons. They have not really helped Saudi Arabia to win this intervention quickly.

With regard to change, we have also had two very significant wild cards in the region over the past few years. Both involve Britain and the Gulf states. These wild cards were, I believe, always on the table, but we could never be sure that they would come to pass in this short-term timeframe. First, of course, is the US nuclear deal, which, as far as I can see, has provided major diplomatic cover for the restarting of western business relations with the Islamic Republic of Iran. Britain is heavily involved in that, and we now have a gravy train of businessmen turning up in the Islamic Republic. We have also had an interesting dynamic in the sultanate of Oman, a long-standing British ally. Oman has played a key role as an intermediary in brokering this détente with Iran and facilitating that flow of western business. Meanwhile, we have seen Saudi Arabia, Qatar et cetera, become bogged down in accusations of funding Sunni extremist groups. This is certainly part of the dynamic too; we have essentially seen the mood in Britain and other western powers gravitate towards Iran rather than Arab Gulf states that have been seen to be linked to Sunni extremism.

There has also been a subtle shift in the United States—perhaps not that subtle any more, as of today—over its positioning on the Gulf states. In particular, as the US has become energy rich, we have seen clues that it is less tolerant of its historic relations with Saudi Arabia. This has major implications for UK policy as well, especially if a key ally such as Saudi Arabia starts to see evidence mounting against it and connecting it, for example, to 9/11, al-Qaeda, the Islamic State, and so on.

It is very much a picture of opportunities and threats for Britain in this fast-moving region.

**The Chairman:** Mr Stephens, would you like to make an opening comment on that same broad theme?

**Michael Stephens:** Yes. It is probably incorrect to look back to 1914 and the Sykes-Picot Agreement or Treaty of Sèvres order. We should actually look at the post-1945 order, in which Franklin Delano Roosevelt met with Ibn Saud on the USS “Quincy” and established what became the backbone of US power and
Dr Christopher Davidson, Reader in Middle East Politics, Durham University (QQ30-35)

strategic interest in the region. It was basically premised on three or four unshakeable pillars, most of which are shaking quite fiercely at the moment.

The first was that the creation of NATO involved bringing in the Republic of Turkey as an important bulwark against Soviet Union southern expansion and containment in northern areas of Iraq and Syria. The second was the creation of the state of Israel and the US support of that. It becoming a nuclear power in the 1950s and 1960s led it to becoming the regional security guarantor alongside Saudi Arabia, which, as we know, was part of an oil for security quid pro quo deal. This was then backed on to strong support for the Shah of Iran, who at the time was viewed as the regional policeman. Little by little, all these understandings have come apart. The first was in 1979, of course, with the rise to power of the Ayatollah Khomeini, which began a period that we are seeing the culmination of today of Gulf state fear, insecurity and more direct reliance on the United States for external security guarantors. The removal of Saddam Hussein has accelerated that sense of fear and insecurity and led to what we see today, where there is no effective middleman standing between the Gulf states and the Islamic Republic of Iran.

As we see day by day, the competition between the two sides is increasing, not decreasing, and is reflected in a number of proxy wars across the region, most of which we are unable to solve and the United States now appears unwilling to solve, although these calculations may change; let us wait and see what happens with the new President.

Chris touched on a very important point here, which is that the relative value of the Middle East and these pillars of security—and that includes the State of Israel—are of less importance to the United States than they were even 10 years ago. As a result, these individual actors have begun to form alliances between themselves so you have seen a growing communication between the Saudis and the Israelis, regardless of the Israeli-Palestinian conflict and the tensions there, and a growing reliance on cross-cutting relationships within the region as those actors look for someone other than the United States to guarantee their security.

The issue is this: in the absence of overwhelming US authority in the region or hegemonic control—which is what we saw in the 1990s and even in 2003, and which quickly became eroded as Iraq descended into civil war and then what we have today—there is no other player that can play that role. So a number of different actors are filling the space, one of which of course is the Islamic Republic of Iran. The US engagement with Iran and some of the conversations that happen in Washington DC about bringing Iran back in as a regional security guarantor cannot lead to the situation that we had in the 1970s. Ayatollah Khamenei is not the Shah of Iran. His power base is fundamentally linked to mobilising Shia interests across the region in a way that the Shah of Iran’s was not.

Additionally, of course, you have the intrusion of Russia once again, which the United States does not appear willing to check, and of course Saudi Arabia feels, probably accelerated by the activism of Qatar, that it needs to take control particularly of Sunni Arab interests in the region, for pride and because of a sense that Iran is interfering in the affairs of Arab states; and not only is that interference not being checked by the United States or the West, it is being aided by the United States in the form of the nuclear deal. At the moment it is very difficult to see a region that is stabilising. The states that are caught in the middle—primarily Lebanon, Syria and Iraq—unfortunately will see instability for
Dr Christopher Davidson, Reader in Middle East Politics, Durham University (QQ30-35)

years to come. This is primarily because the primary identification of people in those countries—and I have spent a lot of time in all of them—is no longer really an attachment to the state but to more narrowly defined entities or identities, which can be mobilised by outside actors for their own goals.

In all that, we think about our national interest. We think about what we can do to stabilise the region, such as what we have been seeking to do with our Gulf strategy, which includes a return “East of Suez”. I think that is a little overtrumped, but I can understand why people say it. But in terms of being able to stabilise Iraq and Syria, we are very limited indeed. We are stuck with working with some actors—for example, the Kurds—but that leads to other problems, such as the mobilisation of Turkish frustrations. We have a number of things that we can do, such as working to stabilise the internal security of the Gulf states and security across the Persian—Arabian—Gulf, but we have to be humble in looking more widely and further afield at what we can do outside narrow counterterrorism lenses.

The Chairman: Both of you have related a lot of your comments to American policy in the Middle East. Obviously, that may be changing. We will come to that later in our discussion. But are you not slightly underplaying the two colossal dilemmas for British policymakers, particularly in the Gulf region? First, at the time of the Arab Spring we said that we were backing democracies; we wanted to see new forces of liberty and freedom flourish in the Middle East. We did not go as far as the Americans, but that was our general trend. These Gulf states, whatever else they are, are not democracies, so there is a dilemma.

Secondly, we are in favour of better relations with Iran—we are riding through with the nuclear deal; we hope it works—but you only have to travel for a few days in the Gulf states, certainly Saudi Arabia, Qatar, UAE and so on, to see that their view of Iran is very different indeed, with hostility verging on paranoia. Certainly, if you go to Bahrain, that is their chief and only preoccupation. Does this not create some very tricky dilemmas for our policymakers, trickier than in the past?

Dr Christopher Davidson: Yes, I believe so. In January and February 2011 a lot of western officials were very much wrong-footed by the fast-moving events in Tunisia, Egypt, et cetera, including the Secretary of State herself. As to the United States’ and Britain’s supposed support of democracy in the region, that view would be strongly challenged by many people in many of these states. Britain and the United States seem to have done almost nothing to support the strong secular movements—the so-called Arab Spring protest movements—since they emerged on the streets. If anything, we have seen Britain and the United States repeatedly side with those forces that have either sought to mount counter-revolutions against the Arab Spring pro-democracy protests or, more subtly, back proxy powers that have been seeking to ensure that certain political parties and groups win in post-Arab Spring elections, notably in Egypt and Tunisia, particularly political Islam parties, including the Muslim Brotherhood, which could never have hoped to fully unite the population in the way a more secular movement would have been able to.

The Chairman: Mr Stephens, do you have an additional response?

Michael Stephens: You are absolutely right to point out the contradiction. It seems a long time ago, 2000, does it not? There was a wave of hope, but by 2012 people were already calling the Arab Spring an Arab winter. If it was a
winter then, I am not sure what it is now—maybe a Martian winter or something.
The point is this: ultimately, yes, our sentiments, and I think those of HMG, were
very much that the will of the people needed to be supported. That very much
upset long-standing allies. Saudi Arabia was shocked by how quickly the West
abandoned Hosni Mubarak. This set into motion a couple of things, which I think
are leading to the frustrations that Saudi Arabia has expressed. Saudi Arabia has
no problem with the idea that people support the Muslim Brotherhood, and the
collective will of the Arab people supports the Muslim Brotherhood. What it has a
problem with is when it becomes a genuine political alternative and it threatens
the House of Saud, which has its own Islamic fundamental base around which it
builds its legitimacy to rule.

As the custodian of the two holy mosques, a challenge in Sunni political Islam, be
it from al-Qaeda or the Muslim Brotherhood, is a threat. Again, Saudi Arabia
does not necessarily have a problem with people in the region being Shia, it has
a problem with a Government who are expressly Shia, who spread Shia political
interests, and that is a threat for Saudi Arabia. In 2011, our strongest trade
partner was Saudi Arabia—we had signed the al-Salam deal and all the weapons
deals that we all know about—and it felt betrayed. Now, we can discuss the
morals and the relative rights and wrongs of that sense of betrayal, because
coming from this country we like to see democracy and the will of the people
being expressed, but there is a fundamental tension here between stability and
change.

If you talk to young Gulf Arabs—I have lived in the region; I grew up t
most of them, between 20 and 35, are not that pro the idea of democracy. There
are a couple of reasons for that. First, if democracy means 2003 in Iraq, they
want nothing to do with it. Secondly, they look at the example of Kuwait and are
very disappointed by Kuwait’s constant instability and inability to pass laws and
get things done. They think that is a sign of instability. They look at Bahrain, and
rightly or wrongly the paranoia about Iran is well taken, but they see this as
giving too much power to the people and, again, leading to instability. There is
this natural tension where, in their view, stability means having a strong man in
charge who you understand, who can try to represent the will of the people as
best he can—it is always a he—which, again, is something we probably have an
issue with. But the point is that that fundamentally clashes with our notion that
the will of the people must be heard. Policy-wise it has been a tension, and
unfortunately, to be honest, we are moving away from those hopeful sentiments
of 2011 towards a more historic viewpoint.

The Chairman: That is very interesting. Does anyone round the table want to
pursue the democracy point? If not, we will move to the economics.

Q31 Baroness Smith of Newnham: I was going to pick up the democracy and
human rights point alongside the economic concerns. There is a slight
danger that my questions will spread into the areas that my colleagues
want to raise as well. I shall try not to do that too much. Dr Davidson, you
started by mentioning the trading relations with the Gulf states since the
Arab Spring. There is clearly an opportunity for the UK to trade with the
Gulf states. How has that changed since the Arab Spring, and what
opportunities are there post-Brexit for the UK to be engaging in more free
trade?

Linked to that, how far should attitudes to human rights and abuses in
some of the states that we might be trading with feed into British
approaches to trade? You have talked a lot about Iran and the position of Bahrain but according to today’s Times a Type 45 destroyer has been sent to the coast of Yemen. Some of that is because of the UK’s energy concerns, but we also sell arms to Saudi, which is then engaged in activities in Yemen, possibly using armaments that we have sold it. Are those some of the things that should feed into our thinking, and should Dr Fox, when he is thinking about free trade deals, actually take a step back and think about human rights and the uses of some of the things that we might want to sell?

Dr Christopher Davidson: Thank you for your questions. First, with regard to the UK’s trade relations since the Arab Spring, of course the UK has enjoyed long historical trade relations with all these states. Because the Arab Spring did not catch out any of the Gulf states fully, because they were all more or less able to respond in 2011 and 2012 with a mixture of ramping up public spending to keep their people off the streets—Oman promised tens of thousands of new public sector jobs, minimum wages, et cetera; Saudi Arabia announced historic new subsidies and record-breaking public sector employment promises—people were largely kept off the streets. Of course, rather sadly, there was also a ramping up of repression, in some cases very obviously, such as in Bahrain, where we know there was intervention, led by Saudi and the United Arab Emirates—with British and American knowledge. We know that foreign mercenary troops were brought in from Pakistan and that a considerable number of expatriates still make up the security forces in Bahrain and other Gulf states. But largely the picture was one of continuity within our allies, which has meant that trade flows have more or less been maintained.

Sovereign wealth investments from the Gulf between 2011 and 2014 remained very high. Of course, it is a key plank of Britain’s outward-looking economy to attract such foreign direct investment and sovereign investment. Of course, we should not forget that even now these Arab Gulf states are home to some of the biggest sovereign wealth funds in the world: Abu Dhabi’s, Kuwait’s and Saudi Arabia’s. However, the picture since about 2014 may be changing somewhat. In places such as Bahrain and Saudi Arabia, it is becoming increasingly clear that these regimes have managed simply to buy time. One could argue that they have dug their holes even deeper by increasing their public spending to a level that they just will not be able to rein in, given the sense of entitlement that has now been created among their populations. After all, how do you tell the new generation of high school, college and university graduates in Saudi Arabia or Bahrain that they will not be entitled to the same sorts of subsidies, price caps and public sector jobs that their parents’ and even grandparents’ generations were? That will certainly factor into the stability of our key trade partners in the region.

The other thing to mention is the changing oil industry dynamic as it becomes increasingly clear that this is no longer just a cyclical downturn, which these states have survived in the past. It is looking more and more like a technology-driven, structural shift in the international oil industry, led of course by the United States. But the new technology will not stop at the borders of North America. It will spread across the world. That is on top of the increased interest in renewable energies and everything else associated with that. Plus, of course, we have other key oil supplies coming on stream, including Iran’s and elsewhere. We have seen the Gulf states’ ability to keep positioning themselves as wealthy, stable oil monarchies very much coming under jeopardy.
Where does that leave Britain and its trade policy with the region? I think we can expect the good times to flow at least a little longer. There are certainly problems on the way. Britain can no longer rely on this massive stream of sovereign wealth investment from the Gulf states. Almost all of them now have to tap international debt markets simply to balance their budgets. Also, more worryingly, we have seen many of them, including Saudi Arabia and Oman, also tap into their overseas assets—their sovereign wealth funds—selling off properties in the West, selling off stakes in the US and British economies, and, most worryingly from the US perspective, starting to sell off US Department of the Treasury bonds over the course of 2016, which will have grave implications for the US-Saudi relationship. The UK certainly has to be careful. It has to be well aware that its gravy train may come to a stop in the near future. It cannot afford to be caught out, signing deals that its trade partners in the Gulf cannot honour in the very near future.

With regard to free trade agreements, the UK, certainly in the post-Brexit landscape, may be talking about some sort of GCC-UK FTA. There are a few things to note there, which I am sure my colleague will also speak about. The GCC does not have a very good track record of coming to major agreements. The EU-GCC FTA—where is that? The GCC is in China as we speak discussing its FTA. China, by the way, is in a very strong position with the Gulf states post-oil crash. It has them exactly where it wants them.

I advise the UK to go for the bilateral trade deal route if it wants that sort of thing, as the US has already done with Bahrain, Oman, et cetera, in the past. More importantly, the UK should bargain hard with these Gulf monarchies. They are no longer as central to UK international relations and even to UK security—political and economic—as they used to be. The UK can now be in a very strong bargaining position with the Gulf states when it comes to FTAs, which I would argue even 18 months ago it simply would not have been able to enjoy. We have to take a leaf out of the Chinese book and see how they are negotiating at the moment.

The Chairman: Mr Stephens—the end of the gravy train?

Michael Stephens: That was a very comprehensive answer. I agree that our strategy should be to prioritise bilateral trade agreements over a GCC-wide trade agreement, partly because the shape of the GCC economy is not certain to me and each country is going at its own pace with regard to economic reforms and structural changes—let us put it politely—in which some countries are much more likely than others to hit the wall financially in the next three to four years. The UAE and Qatar have plenty of time left—in fact, the Qataris doubled public sector salaries just yesterday or the day before—whereas Oman really does not, and Saudi Arabia has a completely different set of circumstances that we have to consider.

As a representative of RUSI, I will try to tackle your defence issue—

The Chairman: That is coming up in a minute.

Michael Stephens: It was part of the question. I can leave it or answer it, as you wish.

The Chairman: Let us hear from Lord Hannay, and then we can look at both.

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86 Gulf Cooperation Council-United Kingdom free trade agreement
Lord Hannay of Chiswick: I would like to look at the trade aspects, which both of you have touched on. Forgive my ignorance, but I would like to ask you two basic questions. I thought that all these Gulf states were pretty open in their economies already. I thought that they did not in fact protect themselves very much and they were very open economies—closer to, say, Hong Kong or Singapore than anyone else. What access for our exports are we looking for there? Do they export anything to us that we, as a member of the European Union, make it difficult for them to export? My impression is that they do not export anything very much except for oil, which is of course zero-rated. So I do not quite understand.

Many years ago, when I was involved in the EU GCC discussions, the real problem was that neither side had much to offer the other. They did not actually need a free trade area very much, so obviously nothing much happened. If my analysis is reasonably true, this is surely not a very high priority compared with somewhere such as India or south-east Asia, because the status quo will not be particularly improved by a free trade area agreement with a Gulf state.

Michael Stephens: That is interesting. You make a good point. I would disagree with the notion that their economies are not protected. If you look, for example, at the debates happening in Qatar about foreign ownership of Q companies on the stock market, there is a huge debate about whether to allow foreigners to have 23%, 24% or 25% of a company. Ultimately why they do not understand that 49.9% still allows you a controlling stake is beyond me.

Lord Hannay of Chiswick: That has nothing whatever to do with the free trade area. Free trade areas do not involve a negotiation about things like that.

Michael Stephens: No, but they are fiercely protective of the amount of foreign ownership of businesses in these countries, which is not really free trade at all.

If you are asking what they export to us, the answer is human beings, who spend a lot of money in our country and drive up real estate prices to £70 million for a house in Mayfair. One of my friends just bought a house for £20 million in Richmond and paid it all up front. That is the sort of investment that you get. Do you necessarily get, in the case of Qatar, exports outside LNG? No, but again I stress that economies are all slightly different. With Dubai, where you have this difference between onshore and offshore companies, the offshore companies have a huge amount of British interest in them. There is a reason why you have 150,000 British expatriate workers in Dubai; it is simply because they are working in the DIFC, which is the financial offshoring sector. That is of great interest to us because it is part of the way in which capital is moved across the globe into Hong Kong and south-east Asia, and then moved back into London and the City.

So I agree with you in the sense that if you look at it physically it is difficult to quantify, but in terms of the movement of what we might even call remittances, at any given time we have a quarter of a million Brits in the Gulf, all earning money that is basically tax-free, although some now pay 5% tax, and they send it back. That has a huge impact on the economy and this country’s ability to have enough liquidity to keep consumer markets going. Additionally, the Gulfies are driving a consumer market in this country. Brexit was a lovely time for them, because the pound devalued almost immediately. I was in a Gulf embassy when

87 Liquefied natural gas
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The High Court ruling on Brexit was announced last week, and it was met with dismay by one particular Gulf state because the pound started to strengthen. They suddenly said, “Hang on. If things will not be as cheap again, what shall we do with our money?” These sorts of things matter and are watched very closely by the Gulf states, because they look to invest here.

With regard to a free trade agreement, given that we are relaxing our visa restrictions to the Gulf states and all those sorts of things, and we have freedom of movement, would a free trade agreement necessarily add to that? The answer is no. I completely take your point.

The Chairman: By the way, I apologise, but as Lord Chairman I should have declared my interest as adviser to the Kuwait Investment Office, but that is by the by.

On this security issue, the state of Qatar provides 40% of our LNG. Our electricity system depends in part on gas. So there is a pretty immediate link there, is there not?

Michael Stephens: Yes.

The Chairman: Lord Hannay, would you like to open up your remarks into the security area?

Q32 Lord Hannay of Chiswick: What role would you see Britain playing in the Gulf states’—I do not say “the Gulf” because that is not always the same—security calculations? No doubt the calculations for Oman are rather different from those for the Emirates, Kuwait and so on. What part can Britain play in that? As a subsidiary question, do you believe that there is any future at all in looking in the medium to longer term towards trying to bring some form of subregional organisation into being in that area in which the countries that belong to it, which would of course be Iran, the Gulf states and Saudi Arabia, guarantee not to interfere in each other’s internal affairs, to tell each other when they are having military exercises and all the sorts of things provided for in the Paris charter of the OSCE88 if not probably exactly the same? Is there any point in looking at that in the medium and long term, not the short term?

Dr Christopher Davidson: Thank you for your question. First, with regard to a renewed attempt to create a subregional security organisation, of course the GCC itself has had a rather troubled and dare I say lacklustre reputation in this regard over the past several years in being able to organise itself. In fact, one could argue that the only significant GCC-led military manoeuvre was the arrival of Saudi and UAE forces in Bahrain in 2011. Of course, many GCC members had nothing to do with that. We are also seeing the efforts of the Saudi and UAE-led intervention in Yemen at the moment, not really painting the GCC in a particularly organised light given that key GCC members, including Oman and Kuwait, have had nothing to do with that intervention either.

We should also bear in the mind the long history of failed attempts to create similar sub-regional organisations, including ones that attempted to bring other powers beyond Arab Gulf states into it, too. We need look no further than the examples of the Baghdad Pact or CENTO89 and so on, that aimed essentially to

88 Organization for Security and Co-operation in Europe
89 The Central Treaty Organization (which the Baghdad Pact became)
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create off-shoots of NATO in the Middle East and central Asian region but that have largely failed to deliver on their promises.

With regard to UK policy and where that leaves us, we clearly have some legacy complications in the region in terms of our hard-power footprint, such as the bases we continue to operate and deploy to in many Gulf states, including the fairly recent one that we have been building in Bahrain. This needs to be managed very carefully if the region continues to become much more turbulent, especially if there is increasing domestic opposition to these sorts of western military footprints.

We also need to be very careful about having more open and even more public security relationships with certain Gulf states, especially as evidence continues to build of relations—whether political or even funding or weaponising ones—between certain Gulf states and Sunni extremist movements in the wake of the Arab Spring. We have seen the problems that the United States Government faced in Benghazi where, as far as I can see, back in 2012 the militias that attacked the compound certainly had some connection to a particular Gulf state sponsor.

These sorts of things could very easily catch out the UK Government if they became increasingly intertwined with the security apparatus of Gulf states, as this evidence continues to grow over the years that they have operated a very different public foreign policy in the Arab world from their private policy, which has been to ensure that various proxies and clients in these war-torn states actually defeat the regimes that they want removed. As far as we can see, they have been willing to back almost anyone in this quest, including groups and organisations that we designate as terror organisations.

Lord Hannay of Chiswick: Thank you. Just to clarify, the sort of sub-regional organisation I was talking about was not a Cold War construct such as the Baghdad Pact with external members. It was much more like the Paris Charter, which is not like that.

The Chairman: Mr Stephens, do you have anything to add on this aspect of security?

Michael Stephens: Let me start with a basic premise. Until we understand what Iraq looks like, we will not get a six plus one plus one agreement, or a six plus two agreement, inside the Gulf. What is important to understand about Mosul is not just that it is the heartland of ISIS; it is the way in which the operation is conducted and the signals that sends about the future security of the countries that are operating around the Gulf.

If the Al-Jazeera narrative, which is that these are Shia militias trying to wipe out Sunnis and torturing, maiming and killing innocent Iraqi Sunni populations, is widely held in the Gulf, it is going to take some time. The ultimate problem that I find, having worked extensively with the Iraqi Government, is that the rhetoric between Baghdad and Riyadh is growing further apart by the day and that that is reflected in official statements. You have, for example, Iraqi security officials talking about the stench of oil money behind ISIS, directly insinuating that the Gulf states are involved—and I think incorrectly in the insurgency we have seen in Anbar Province in Iraq.

The point is this: the rhetoric is becoming much more black and white, which is disabling any ability to form some sort of collective security agreement.
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Ultimately, if you look at security in a broader fashion and what we can do to play a part in it, the fundamental strategic questions are not being answered as to why that security organisation should exist. If partners are working contrary to each other's goals, they will not co-operate.

HMG have been quite humble in their approach. They have looked at things such as getting the Gulf states, Iran and Iraq to co-ordinate on drug trafficking and anti-piracy operations—areas in which they can find collective interests between them all. That is not really political. I think we can all agree that those states are all against the free flow of drugs and illegal people. That has been a trust-building exercise that has broadly worked. Outside of that, I have to say that I am sceptical about the region itself being able to come up with a collective security organisation that includes Iran and Iraq.

The opposite option has been pushed forward by Deputy Crown Prince Mohammad Bin Salman, which is an Islamic coalition of 36 or 38 states, some of which were not informed at the time of its genesis. This may be poor PR work by the Saudis, but the point is well noted. The Saudis are trying to create their own indigenous security organisation that blocks Iran out from the wider sphere; we are talking about Sudan, Somalia, Egypt and then of course across into the Sahel. The idea here is that Saudi economic power can bring to birth some sort of collective understanding that Iran is a threat and that actually Iraq is also a threat.

The Arab League, I am afraid to say because we are on record but I will say it anyway, is a joke. The last meeting was postponed simply because the King of Morocco did not want to have his reputation tarnished by hosting a meeting that would produce nothing of real use. I am afraid that that looks to be the case because, although the Lebanese Government have now changed, they would also probably take the Syrian and the Iraqi line and generally represent a different view of Gulf Sunni interests in the region. So at this moment, my belief is that the United Kingdom could keep a traditional footing, which is to increase our co-operation with the Gulf states in terms of improving their internal security apparatuses and trying to get them to understand that repression is not to be preferred to reform. Yes, there are individuals to be tracked and monitored, and in that respect there has been Iranian activity in the Gulf which we have helped the Gulf states with and they have co-operated quite effectively among themselves. In that respect we have done a fairly good job, but I take the point that there is a political consideration which is that some people would feel that we may be aiding oppression, and that is to be noted.

I think that there has been a very robust conversation with the Saudis about the situation in Yemen and our reservations about it, which has spilled out into our former Foreign Secretary Philip Hammond making quite clear his reservations. That is unusual; it is not normally the way that British foreign policy with regard to the Gulf is constructed. There are reservations about what this Yemen operation can lead to and what role our weapons systems play in either bringing that war to a swift conclusion or promoting an endless conflict. That is already happening.

The problem, given that we still have so much instability, is that the Saudis will not stop until they feel that the threat from Iran is contained. How they define that is anyone's guess, and actually the strongest thing we can do is try to help them to define what it is so that they understand that the destabilisation of countries on their borders does not lead to their long-term security. There we
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have some influence. The fact that we can sit in a room with the King of Saudi Arabia puts us well above 99.9% of other countries, which simply cannot have that conversation. That is worth bearing in mind.

Q33 Baroness Coussins: What I want to ask about links in with trade and picks up on one of the elements of Lady Smith’s question which Dr Davidson answered. It is to do with human rights and trade and I do not think that you came back on it. You talked about the UK now being in a strong bargaining position in relation to the Gulf. Can you also comment on what the UK could do to ensure that our trading interests, and indeed the political objective of stability in the region, can be vehicles for leveraging pressure on human rights abuses rather than being excuses for turning a blind eye? Could we be in a stronger bargaining position there, too?

Dr Christopher Davidson: There is no doubt that Britain is in a stronger bargaining position with the Gulf states, but the same is true for almost all hydrocarbon-importing states at the moment, regardless of where they are in the world. The special relationship, which my colleague rightly referred to, is based on our legacy and, let us say, our privileged access to members of the political elite in these countries, including the Saudi monarchy of course; this is really the nub of it. On the one hand an argument can be made that this special access gives Britain leverage. Particularly if we are going to be signing new trade agreements, we can ask more robustly and firmly for clauses to be added—but whether the Arab Gulf states respond well to that is another question. I believe that the Arab Gulf states’ general level of trust in Britain, the United States and other western powers is at a historical low at the moment, for all kinds of reasons. Not only is there a sense of betrayal over the Iran deal and a sense of abandonment felt by many people in the region, especially given the noises that have come out of the United States—not only from the gentleman who is now the President but also from the previous President. We should not forget that. That lack of trust will play in to these negotiations.

The other general point it is important to make is that when we have these privileged meetings with members of the political elites and ruling families in the region, we should be mindful that while that may go down well in London and among the elites of the Gulf states, it probably does not go down well with the average citizens of these countries. They see Britain, the United States and others having a long history of meddling in the business of the Middle East—not only in the Gulf but in the whole region more broadly. I would argue that in the wake of the Arab Spring, even though we have not seen direct western interventions, apart from in Libya, we have seen what is essentially an escalation of shadow wars, with western special forces appearing here and there, various western clients and proxies, with Qatar and the United Arab Emirates also becoming involved in these conflicts which—we have to be blunt about it—are getting bloodier and bloodier.

So average people in the region, including in the Gulf states but especially the broader Arab world, see headlines with, say, a picture of the British Prime Minister meeting the King of Saudi Arabia not necessarily as a sign of leverage but of the old guard still in it together. They have not moved with the times, which in the Arab world could be a source of de-legitimisation for the UK Government.

Over the past few years we have seen some specific examples of where the UK Government have tried to lean on the Gulf states and that has not gone down
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very well. The notable example—I think Michael will talk about this, too—is the Kingdom of Bahrain, where there has been significant repression over the past five years and the British Government have been repeatedly and very publicly caught out over what has been going on there. The Bahraini regime has made various promises to improve human rights—to allow inspectors in, et cetera, and to liaise with British advisers—but time and again they have not delivered on their promises, and we now have the very embarrassing situation where we have senior British officials on the record, even in the past couple of years, praising Bahrain’s supposed progress on human rights, whereas in fact the exact reverse has happened. We have a situation at the moment where almost all key civil society actors who are not aligned with the monarchy are now pretty much in prison, the major opposition blocs have been disbanded, and even the spiritual leaders of the Shia population, which is the majority of the Bahraini population, are also harassed by the authorities, or placed in jail in some cases. Britain has attracted no shortage of bad headlines over its attempts to, let us say, advise the Bahraini regime on how to improve its human rights.

The Chairman: Are we not also building a naval base in Bahrain, or expanding it?

Dr Christopher Davidson: “Naval base” is a bit of a grand title for it; it is more of a sort of—

Michael Stephens: Jetty.

Dr Christopher Davidson: A support facility.

The Chairman: Housing facilities.

Dr Christopher Davidson: Yes.

The Chairman: It is part of the contradiction.

Lord Grocott: Is not your point about the gap between the leaders and the led very much at the heart of dilemmas that a British Government might face? Shall we generalise to the extent of saying that we have not always been spectacularly successful over the generations in spotting those kinds of chasms that can occur? My question is: we frequently refer to the Arab Spring. Is that an aberration or does it represent something fundamental that will play itself out in the years ahead? That is really my question: when we make judgments about states and the stability of states, at least in part that must involve some calculation about the extent to which the governors represent the governed. I would like some kind of notion of where you see these things happening. Are the characteristics of the Arab Spring in the most general terms features of the region, which somehow will play out at some stage in the future, or was it an aberration?

Michael Stephens: You mean specifically in the Gulf?

Lord Grocott: I mean more generally but let us stick to the Gulf.

Michael Stephens: Around 2012 there was a rather trite analysis of the region that suggested that monarchies were more stable than republics, and there was this notion that the GCC would then expand itself to Jordan and to Morocco. I do not want to be perceived as supporting that analysis, so bear that in mind when I give the following explanation. The Saudi monarchy, for example, is very popular among young Saudis. They believe in their monarchy and in the al-Sauds’ position as the heads of state. The extent to which they have executive and legislative authorities is up for debate, and it is a lively debate in Saudi Arabia—
much more lively than you might think. The good thing in the Saudi system is that there are many channels through which you can complain directly to royal family members. The same is true in Qatar and in the UAE. We have specific concerns about human rights abuses and I second what Dr Davidson said: our engagement with the Kingdom of Bahrain was troublesome and has been deleterious to our ability to project power in the region. However, I stress that we should be very careful about telling Gulfies what is good for them and what royal family members they should have in control of their states. In Bahrain, a large section of the population has rejected the monarchy or at least its authority; actually, many Shia protesters do not reject the al-Khalifa, but its influence over the executive and legislative branches of government. But outside Bahrain that conversation has not yet developed into what you might call “the gap between the leaders and the led”. For example, in a small country such as Qatar, which is 275,000 people, most of the major families are married into the royal family in some way. If the royal family goes down, it goes down with all the rest of them.

You are talking about fundamentally breaking the links that exist in that society. Saudi Arabia is different because it is a much bigger country and constituencies are much wider spread. You have a long-standing problem in the Eastern Province, where, frankly, the legitimacy of the Al Saud has been called into question since the 1970s and before. That will not go away any time soon, but to the Saudi mind it can be contained to that area. The oilfields in that area are the site of multiple security apparatuses that, since the al-Qaeda attacks in 2004 and 2005, stop anybody from touching them. Therefore, the Al Saud are pretty confident that their infrastructure will not be harmed by mass protests.

What was interesting a couple of years ago were the protests in Buraidah, where more conservative Sunni populations to the north of Riyadh called out the Interior Minister by name and said, “You are the problem”, and “Why are you detaining our women?”, which was seen as a cultural affront. That was quite successful in getting the Saudi monarchy to listen. It was this notion that, “We do not disagree with you politically, but culturally you did something we don’t agree with, and you have to reflect those cultural values when you rule on our behalf”. I make that caveat: these monarchies are there for a reason—because the populations for the most part have not tried to overthrow them. They might overthrow each other, which is what happened when I lived in Qatar in the 1990s, and it happened in Abu Dhabi in the last century. However, the point is, and it generally stays, that there is a fear of instability in the region which has permeated younger people. Again, Bahrain is probably a slightly separate case. The discussions there are not the same as those in the rest of the Gulf states, where fundamentally, except perhaps in Kuwait, the legitimacy of the ruling family has not been questioned.

Let us go forward 20 years, hypothetically. Let us say that oil prices remain low, they are not able to reform their economies, and the amount of largesse they give their citizens drops dramatically. Will you see some problems? Yes, you will. The biggest mistake the Gulf states made was that in the response to the Arab Spring they handed out tons of money. They increased salaries, gave huge grants, land ownership and all those sort of things, which fundamentally tied political stability to what you get from the Government economically—what sort of gifts the Government give you. The question then is: what happens when you get rid of those gifts? It is correct to say that there would be the first signs of
instability in those countries, and you would start to see conversations about “Is the royal family good for us or not?”, and the love for watan, or homeland, would suddenly start to dip. We can project that out, but in the short to medium term we are not there.

With regard to the wider Arab Spring—and it is something to note for the entire panel—we should keep talking about it. Why? Because the conditions that are prevalent in the region at the moment are worse than they were in 2010, both economically, demographically, politically, in terms of freedom of expression, and the violence meted out by governments on their citizens. So it is something that we need to be talking about not just in the Gulf but in a wider context, including what that might mean for stability.

**The Chairman:** Except that in Saudi Arabia and Kuwait they are already starting to cut the subsidies and the handouts.

**Michael Stephens:** They are.

**The Chairman:** So is your scenario already happening?

**Michael Stephens:** Yes, although the Kuwaitis have started to row back on those. Again, Saudi Arabia is a different kettle of fish—Chris can answer this as well; I do not want to take up all the time. You should watch the middle class in Saudi. The middle class there is starting to see—a bit like in the West—its ability to have a good quality of life, to educate their children, to have two cars that go to and from work every day, and to go on holiday twice a year, being curtailed. The fuel prices have gone up, subsidies have gone up, and they have to pay more for water and electricity. Not only that, if you are a civil servant, your salary has been cut. So that margin for saving money and hoping that your son will have a better life than you do is the same sort of dynamic which exists here in the West and is prevalent among a large proportion of middle-class Saudis. When people ask whether Mohammad bin Salman can be successful in this huge endeavour he has undertaken, my view is: wait 18 months. That is when the savings in the bank accounts of the middle class will start to get very narrow indeed, and let us see what happens then.

**The Chairman:** In the interests of time we must push on to the central influence of the Iran deal.

**Q34 Lord Jopling:** My basic question is: to what extent do you think the nuclear deal with Iran will change the UK’s relationship with the Gulf states? It has been a pretty controversial deal in many ways, to many people in many parts of the world. I was in Riyadh earlier this year and everyone we met, with the exception of the King, could talk of little else other than how awful the Iran nuclear deal was. They felt that the release of the frozen funds would encourage them to spend more money on terrorism.

Again, the deal is very unpopular with Israel—we know about that. I was in Washington when Netanyahu addressed Congress on that hysterical day. On some of the implications of the nuclear deal, as far as Iran is concerned, American law is holding up the full implementation of open trading opportunities for Iran in the deal. We had evidence of that in this Committee. That is the basic question: what is the impact? Again, I can understand why everyone around the table, including our guests, seemed reluctant to talk about the events in Washington overnight. But given a Trump presidency, with a Republican Congress in both Houses, do you
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see a possibly of their wanting to tear up the nuclear deal? If that is the way it goes, do you see the possibility of the Iranians reverting to their nuclear programme and getting the machinery working again to create nuclear weapons?

Dr Christopher Davidson: Thank you for the question. The first point to make is that from the perspective of the Arab Gulf monarchies and their relations with Iran and how they see the nuclear deal playing out, we have to look at them as individual cases. Some Gulf monarchies see the Iran deal very much as a threat—notably, Saudi Arabia, the United Arab Emirates and Qatar to some extent as well. There are a number of reasons for that; they feel very much betrayed by the United States and more broadly the western powers, especially as they see all these aircraft landing there—Boeing signing deals and oil concessions, which seem bigger and more lucrative even than the deals that the Shah signed in the late 1970s with the western oil majors. So certainly those states feel threatened by the perceived opening up of Iran—which, after all, we should point out, is a much bigger and better market for western exports than any of those Arab Gulf monarchies. That is a very blunt point to make.

Also, the monarchies that are very saddened and concerned by the nuclear deal look as well to how it has allowed Iran to flex its muscles a lot more in the region. There is no doubt that it is at least holding its ground and arguably even winning the new Middle Eastern proxy war, or cold war, or whatever you want to call it, especially in the Levant area. Then there are the recent developments in the Lebanon, with the Hariri clan essentially having to hold up a white flag—the Saudis’ long-term allies there—and essentially agree on a Hezbollah-backed president. This is now gravitating towards Iran.

Given the new US presidency, which I am more than happy to talk about, we will see the Syrian Government with their Russian allies, which have of course intervened on behalf of Damascus, as invited by them, doing much better over the next several months in the civil war—again to the detriment of many Arab Gulf states, notably Saudi Arabia and Qatar, which have been backing all shades of grey of the Syrian opposition, including some organisations which even we designate as being terror entities.

However, that is not all the story. In other Gulf states there is very much a sense of opportunity as well as of threat in the Iran deal—notably Oman, of course. Without any exaggeration, the sultanate of Oman emerged as a key power broker in this deal. It was a place where US officials could meet their Iranian counterparts, and the Iranian Government seem to be on a very warm footing with the Omani Government at the moment. That helps us to understand why, despite the existence of the GCC and its security obligations, we have seen Oman do next to nothing to support the Saudi and UAE-led intervention in Yemen, despite Saudi Arabia and the UAE arguing that this is a potential existential threat on their southern borders and southern tip of the Arabian Peninsula. In fact, we have even had rumours and reports of goods and weapons reaching the Houthi rebels in Yemen, coming across the Omani border.

I do not believe that is because Oman has struck a deal with Iran to facilitate that; it is more the case that Oman has a very long, mountainous, porous border with Yemen and Saudi Arabia, and it is simply very difficult to stop these goods going across. I am certain that they are using a land route, given the vast array of various navies populating the Arabian Sea and the Red Sea at the moment. In fact, it is the reason why, years ago, the United Arab Emirates decided to build a
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Trump-like wall separating the UAE from Oman, so concerned were they with not necessarily weapons but black market goods flooding into the UAE from Oman. When I lived in Abu Dhabi, I used to go camping at the weekend and would regularly just drive across the border into Oman. Then all of a sudden we drove along in our four-wheel drive and found the beginnings of this wall blocking our favourite camping route.

Further to the geopolitics of the Iran deal, certainly we can see this as yet another nail in the coffin of OPEC.\(^{90}\) We have seen Saudi Arabia try to resuscitate OPEC repeatedly over the course of this year; every time it has talked about a production freeze or some other sort of agreement with OPEC members or even Russia, we have seen oil prices bounce up by a couple of dollars for a couple of days. The latest talk led to oil prices staying up about $4 or $5 above their natural price for close to a week—but, sure enough, it is back down as the reality dawns on the markets that Saudi Arabia has no control over OPEC and key oil-producing states such as Iran are going to produce as much oil as they can. After all, why should they not? They have been frozen out of the markets for so long. Iraq’s point of view, as another OPEC member, would be that it is actually fighting extremist militants, in some cases funded by wealthy patrons in the Arab Gulf states, so why should they freeze their oil production when they need to balance their budget just as much as anyone else.

Finally, with regard to the new US presidency, here there has been a misunderstanding in Saudi Arabia and the Gulf states about this. They have seen the presidential debates and seen Trump talk about the Iran deal being a disaster, just like NAFTA\(^ {91}\) and everything else, and that has given them a false glimmer of hope. First of all, Trump is a businessman, and he will see the Iran deal as a massive market for American businesses—there is no doubt about that. What has been happening in the Gulf states, in government circles at least, is a misinterpretation of Trump’s stance on Iran. He does not like the deal and he needed to criticise it repeatedly in presidential debates because it was perceived as a legacy of the former Democrat Government in the United States. This, of course, is the foreign policy adventure that is supposed to be Barack Obama’s legacy, so of course Donald Trump is going to do his utmost to defame it publicly in debate. The reality is that Iran is a massive market for US businesses.

**The Chairman:** Perhaps you could just give a short comment on Trump and whether this deal will last.

**Michael Stephens:** I do not claim to be an expert on Donald Trump, and I do not claim to know exactly where he will take US regional policy. One can surmise that it will become more isolationist and that the importance of relative stability in the Middle East will become less important, simply because Trump’s every second word is “China”. But that was a larger recalibration of US power anyway, which I do not think will be stopped or halted simply because Donald Trump becomes President. This was a collective decision, regardless of whether you are a Republican or a Democrat. Had Mrs Clinton got into power, you might have said that the conditions for the deal would be more heavily scrutinised and more attention would be given to Israel and the Gulf’s concerns. I am not so sure that that will be a priority for President Trump.

\(^{90}\) Organization of the Petroleum Exporting Countries  
\(^{91}\) North American Free Trade Agreement
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You posited the idea that the Iranians might start cheating on the deal. That would not be a good idea because it would bring in snapback sanctions at a UN and EU level almost immediately, dual-use technology would be curtailed pretty much overnight, oil trading would stop overnight and assets would be frozen. That would certainly scare away any investment banks that were looking at doing business.

For the most part, UK and European banks are still tentatively looking at Iran. They are expanding operations in Dubai with half an eye on Tehran for the future. Right now, there are only a couple of very small to medium-sized banks in Italy and Germany that have opened lines of credit to Iran, precisely because of that risk of snapback sanctions.

I would argue that the gifts that Iran has received as a result of behaving well would behove good behaviour, but I have been wrong before, and with President Trump anything is possible. I cannot give you a definitive answer as to what might happen but as far as I understand it, the Republicans have the House and the Senate now, which is I think a problem for the deal. However, even with Obama or Hillary as president, the problem was always going to be that the US would be very hesitant to take off the locks on the Iran deal from its end.

From where we sit—whether we are involved in two or three years in EU sanctions processes or whether we have our own policy—we need to be very conscientious about Iran’s potential for bad behaviour and how that might affect our businesses and be seen in the Gulf. I am afraid that there are a lot of question marks here. I am still absorbing the news too. We will see.

The Chairman: The final question is from Baroness Coussins on what we can do outside all this.

Baroness Coussins: Lord Inglewood will ask the question.

Q35 Lord Inglewood: We have touched briefly on the high-level connections between certain people in this country and a number of these countries. In one sense, that gave us an advantage, but in another sense it might not. In a wider sense, do we have the capacity to influence and buttress our other economic and political activities by virtue of the soft power that we can exercise from this country, or are we slightly kidding ourselves? In a way, listening to you all, the question that comes to me is: what is the point of this country to them?

Michael Stephens: Chairman, you want a relatively short answer, I assume.

The Chairman: Yes please.

Michael Stephens: Do not underestimate the emotional links that exist between Gulf Arabs and the United Kingdom. It is one of the only places where the British have messed around historically that we actually have some good will. I am serious about this; it is certainly not there in Iraq. We do have long-standing relationships. The Emir of Qatar went to Sherbourne and then Sandhurst; the King of Bahrain was at Sandhurst; and then we have the Emirati royals, too; not to mention Sultan Qaboos, who often gives graduation speeches at Sandhurst. These are not just events that happen; they are signals of connections that are far deeper and more emotional and that cannot be quantified necessarily.

Chris and I differ on what our relationship with the Gulf states should be—that is a practical part of dealing with a very troubled situation and very different
Dr Christopher Davidson, Reader in Middle East Politics, Durham University (QQ30-35)

culture. It is a part of the world with which we are not always so familiar. We have been given a very privileged position over the last four decades thanks to our historical relationships in the Gulf. We have at times messed around in Oman, during the Dhofar rebellion and all those sort of things. We have a cadre of officers who were in their 30s at the time and are now in their 60s who have brilliant relationships with the Sultanate of Oman. Whether they will survive Sultan Qaboos’s health problems is to be seen.

You ask what we mean to them. Friendship matters. Again, I do not want to use trite clichés in a forum such as this but long-term friendship matters. Governments come and go but friends stay. That is what is valued in these relationships. Ultimately, as I said, in smaller countries where business interests are tied up with the stability of the ruling family, those come together and are the same thing.

We have talked about the differences in the different countries but I am trying to make the point that investing in those relationships allows for access and for influence. Is that influence as great as we might like? No, it is not. Can we tell another country what to do all the time? No, we cannot. Should we be expected to? Would a country that is involved heavily in our own domestic politics be able to tell us what to do? We have to think about this both ways. There is a pride issue on their part. They resent being told what to do by white men. That comes up frequently in my conversations. However, do not underestimate the relationships. The reason that people buy houses in London and spend money here and then welcome us when we go over there is because of the long-standing belief that we are a trusted friend. At a time when you have someone like Donald Trump, and when the Obama Administration pulling back, there will be a search for allies, and Britain is probably the first port of call. In my view we are in competition with the French for that, but I think we have the advantage.

The Chairman: Dr Davidson, do you have a final view on this? Are we a trusted friend? Is that where we are?

Dr Christopher Davidson: Further to this, I accept all the points about our long, rich history of relations with the political elites of many of these Gulf monarchies through schooling, universities and officer training schools, and the properties owned by many powerful Gulf nationals in Britain. All that certainly matters. However, we need to be very careful going forward. Our intertwining of political relations with economic relations could catch us out in the future. If we look at how China deals with the Gulf, Africa and other parts of the developing world, that is a good pattern for us to follow too. They are able to successfully separate politics from businesses. As the economies of the Arab Gulf states become less significant to us in the very near future—arguably already, given their rapidly declining ability to invest in our economy and our declining interest in Gulf hydrocarbon imports; and given the ability of Britain, like other major industrialised nations, to simply shop around for cheap oil and gas—this is all something that we need to factor in. As we begin to explore other markets—India, China, Latin America and elsewhere—we do not want to be seen as a neo-imperial power that simply turns up and shakes hands with the Saudi king or the King of Bahrain. We do not want to be portrayed in that light as we attempt to explore new developing markets and frontier markets.

One final little point is that we need to be very careful about a rapid change in the US stance on this region. The United States may decide that these are no longer allies of theirs. They may even start to drop the use of the word “friends”
in their discussions. That is not to say that Saudi Arabia or other Gulf states will be painted overnight as rogue states, as Saddam’s Iraq was or the Ayatollah’s Iran was. None the less, we will get, I feel, a steady drip of evidence turning up in this Justice Against Sponsors of Terrorism Act case. I do not think it will lead to an overnight law suit against the Government of Saudi Arabia; it could take years for this to come to fruition. But we will see piece after piece of subpoenaed and declassified evidence turning up in that court and being digested by the US media and foreign policy community. That will make it harder and harder to portray these sort of states as legitimate allies. That will weaken the US’s position with other countries if it does not take a harder stance on perceived sponsors of terrorism. Britain itself has to be very careful not to be caught out in this regard too.

The Chairman: Dr Davidson and Mr Stephens, you have given us quite brilliant contributions. There are all sorts of areas that we have not touched on, such as Israel, and we mentioned Lebanon only en passant. We could spend hours discussing the many other facets. Your comments have been very well informed and illuminating and we are extremely grateful. Thank you very much and I am sorry that we have other demands outside the Committee this morning. We may be at the beginning of a big change. You have very skilfully analysed how that change might evolve. Thank you.
Mr Abdeslam El-Idrissi, Director of Trade Services, Arab-British Chamber of Commerce (QQ 165 -171)

Mr Abdeslam El-Idrissi, Director of Trade Services, Arab-British Chamber of Commerce (QQ 165 -171)

Wednesday 8 February 2017

10 am

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

Evidence Session No. 14 Heard in Public Questions 165 - 171

Witnesses

I: Peter Meyer, Chief Executive Officer, Middle East Association; Abdeslam El-Idrissi, Director of Trade Services, Arab-British Chamber of Commerce.

Examination of witnesses

Peter Meyer and Abdeslam El-Idrissi.

Q165  The Chairman: Can I say to Mr El-Idrissi and Mr Meyer how grateful we are to you for coming? I am temporary Chairman of this Committee. Lord Howell will be with us later. Whether that will be during your visit I am not sure, but if we suddenly swap Chairs in the middle that is why. I have some formal statements to make at the beginning.

As you will realise, this is a public session. A webcast of the session goes out live as a video transmission and is accessible on the parliamentary website. We shall put a verbatim transcript of the evidence on the parliamentary website, and a few days after this session you will be sent a copy of the transcript to check it for accuracy. Should you feel you need to make changes to it, if you could do that as quickly as possible we would be most grateful. If, after this session, you wish to clarify or amplify any points made during your evidence, or to make additional points, we would certainly welcome that. We look forward to any supplementary evidence you may like to send us.

Let us start the discussion. First of all, can you provide an overview of the UK’s economic relations with the Middle East, including the main sectors? What do you believe are the barriers to strengthening these relations? Are there any markets in the region that you believe have untapped potential, which UK businesses could take steps to develop? Feel free, whoever wants to come in, to give us your views.

Abdeslam El-Idrissi: My Lords, thank you for the invite. It is the first time I have attended one of these sessions, so I am quite proud to be with you guys. It depends what you mean by the Middle East. Does it include North Africa or not?

The Chairman: Can you speak up?
Mr Abdeslam El-Idrissi, Director of Trade Services, Arab-British Chamber of Commerce (QQ 165 -171)

**Abdeslam El-Idrissi:** It depends what you mean by the Middle East and whether, in your interpretation, it contains North Africa or just the Gulf Cooperation Council countries.

**The Chairman:** We are interested in views on the whole Middle East.

**Peter Meyer:** Including North Africa?

**The Chairman:** Yes, the whole MENA region.

**Abdeslam El-Idrissi:** Excellent. When you talk about the economic relationship between the UK and the Arab world—as I will call it, because it is not just the Middle East—you are talking about a population of 390 million, 5% to 6% of the world’s population. In 2015, the trade between the UK and the Arab world clocked in at £18.9 billion, and that is purely in goods and services. Breaking it down to the GCC countries, we are looking at about £16 billion, just for those six countries. You can see where the big business is happening, but that does not alter the fact that there is another big chunk of trading possibilities available across the whole Arab world. It is an amazing trading bloc, if you compare it to Europe or the States, and something we should take quite seriously.

To drill down on those figures, you have to compare them to other markets that we always celebrate, such as China, India and Brazil. UK plc exported more goods and services to the Arab world than it did to China in 2015; the difference was over £1 billion. We exported more to the Arab world than we did to India and Brazil combined in 2015.

When you put it in context, you see what the value of this economy is, and it varies. As I said, the GCC covers many sectors, from oil industries to small manufacturing. It is a region in flux, as it is looking forward to moving its economy from carbon reliance to zero carbon reliance. Dubai, for instance, has zero carbon reliance. Its whole economy is based purely on services, trade and manufacturing. I am happy to hand over to my colleague, if he wants to add anything.

**Peter Meyer:** Your Lordships, would it be in order if I gave you two minutes’ background on myself and the MEA?

**The Chairman:** Of course.

**Peter Meyer:** The Middle East Association, or MEA, was formed by the Foreign Office about 60 years ago, just after Suez. After the debacle of Suez, it needed a new face to deal with the Arab world, so we were the institution that it formed at that stage. We have always been heavily orientated towards energy and Saudi Arabia. 60 years on, we cover a territory that is slightly different to that of my colleague here. We take in Iran and Turkey, which my colleague does not, because he deals with Arab countries, and those two are not Arab countries.

In addition to energy, we now cover most sectors, including City financial services, renewable energy, defence and security, healthcare, infrastructure and skills training. It is quite a wide brief. As for me, I come from a merchant banking background, not an FCO background. I did 25 years in the City, read engineering at university and was involved in a family business in North Africa before I was asked to come and run the Middle East Association.

Up until four years ago, we were given a subsidy by the Foreign Office for what we do to develop trade with these countries, but as of four years ago it said, “I am sorry. We are a little short and you had better row your own boat”. We now
Mr Abdeslam El-Idrissi, Director of Trade Services, Arab-British Chamber of Commerce (QQ 165 -171)

have to rely on membership subscription for our activity. That was just a short thumbnail sketch of where I come from.

If we talk about the economic relations, they have basically been founded on hydrocarbons and defence. Those are the two big ones, although there has always been a large demand for education, because of the place we hold internationally in that sector. In the MEA, we have BP, Shell, Rolls-Royce, British Aerospace and HSBC as core members, but our mission is much more to assist the small and medium-sized enterprises.

Hydrocarbons is dominated by the big players, which seem to be able to do quite well; BP and Shell certainly do. On defence, a lot of these arrangements are government to government, so we would probably come in mostly on cybersecurity, where there are smaller SMEs involved. I would say there is more we could do with the SMEs on cybersecurity.

For financial services out of the City, the lawyers and accountants are pretty well able to cope without too much extra help. There is possibly more to do in FinTech and in PPP arrangements. I may be straying into other questions, but, if we are talking about helping these countries, one of the things they all seem to want to do is to encourage the private sector, which is basically PPP work. We are very good with that, so those are certainly sectors to concentrate on.

As to the markets and countries, my colleague does not deal with this, but Turkey has been in the news recently. It is a big market, rather like Iran, with 80 million people. It is going through a slightly difficult time, but it is actually one with which we seem to have a very good relationship at this point, witnessed by a large defence contract. Iran we may treat as a separate subject later, so I will leave it to one side.

Today, the up and coming markets, from our point of view, are Libya, maybe followed by Syria and Yemen, when we get a degree of security for companies to operate there. Is that answer sufficient at this stage, before we move on, or are there questions on this?

The Chairman: Thank you. It is a good start.

Q166 Lord Hannay of Chiswick: I am sure you would recognise that, when you put the whole of the region together and give figures, you are not of course talking about a regional bloc. You are not talking about something like the European Union or ASEAN.92

Peter Meyer: That is correct.

Lord Hannay of Chiswick: You are talking about a large number of independent countries that have their own trade policies. I wonder if you could both have a shot at identifying which of the Middle Eastern markets have the highest levels of protection—that is to say, those in which the Government’s action could help British businessmen to get access—and which ones are rather open. It is perfectly obvious that Turkey is open. Why? It is because we are in the customs union with it; the Government seem to have forgotten about that. We shall of course leave that customs union when we leave the European Union, and we will have to do something about that. The fact is that, at the moment, we

92 The Association of Southeast Asian Nations
Mr Abdeslam El-Idrissi, Director of Trade Services, Arab-British Chamber of Commerce (QQ 165 -171)

are in the customs union, which does not cover agricultural trade or services, but it covers everything else.

Can you graduate these countries in the Middle East, including Iran, in terms of how difficult Governments there make it for British businessmen to do business, and therefore where the Government could put the greatest emphasis on improving that situation?

Abdeslam El-Idrissi: I agree when you are talking about the blocs, but there is a bloc called the Gulf Cooperation Council, which is a customs union. Once goods enter one country, they have free movement into the other countries in principle. As for ease of doing business, you read this stuff coming over from the IMF et cetera, but most GCC countries are quite easy to do business with. This is fundamentally why the Arab-British Chamber of Commerce was started in 1975. We were set up by the Arab League. Our role was to facilitate trade between the UK and the Arab world.

We deal on a day-to-day basis with small and medium-sized companies across the United Kingdom that are exporting small widgets, cups or whatever. We are there to help them and to guide them through the paperwork and legislative requirements for importation. Those safeguard the quality of goods that enter and ensure there is no fraud, et cetera, but, at the end of the day, they do not restrict business.

A lot of countries, especially the GCC countries, because of their high youth population, are trying to find jobs for the future. They are under pressure, hence why we had the Arab spring: because of young people not knowing what to do, with no jobs, no prospects and no hope. They depend on their Governments to do something.

All the GCC countries have a 2025 or 2030 vision. That vision is about creating jobs for the young people, come 2030. It is so important that they are pumping tonnes of money into it. If you take Saudi alone, it is hiving off a piece of one of its biggest assets, Saudi Aramco, and floating 5% of it on the stock market, so it can take the money and invest it in the country. The rest, it will put into a major fund of shares, which will be the biggest sovereign fund in the world. It will dwarf any sovereign fund that exists to date. That is being done purely for one reason: to create a future for its populations and its businesses.

The opportunity for British companies is to help in achieving those aspirations. Many state companies are being pushed to go private. We have a great opportunity to go into partnership with these companies that are going private. They want know-how; they want added value. They want to make their economies zero carbon reliant by 2050 at least. That is where that bloc is interesting, because the money it is putting into these investments is phenomenal.

Of course, in North Africa—also called the Maghreb—there are other countries that do not have an agreement. They have tried to have an agreement for many years, but it has not happened. They are growing economies. If you look at Morocco, for instance, it is a zero carbon country; it does not have any oil, but its economy has done terribly well. It is a manufacturing and trading country, and it has become the doorway to Africa.

Algeria is another country with a lot of potential, and it has carbon fuel income. The problem we have is the language. The French have dominated Algeria for
Mr Abdeslam El-Idrissi, Director of Trade Services, Arab-British Chamber of Commerce (QQ 165 -171)

hundreds of years, so it tends to go towards the French, although most north African countries are dying to work with Britain more. Of course, we have this problem with the language, and Algeria finds it terribly difficult to communicate with the UK.

Tunisians are doing terribly well. Algerians are doing terribly well. Libya, as my friend said, has phenomenal opportunities coming. It is only about when it is going to come, when there will be peace in the region and when there will be a stable Government. Again, for major oil-producing countries—the opportunities for the UK are phenomenal.

I will take you back to the GCC. You must remember that the GCC relies on Britain and has relied on Britain for centuries and decades. We have a close relationship. The brand “UK” sells. The GCC loves our ideologies and our tech industry. It is ready to invest in this country as well. In March, I am making an inward trade visit to the north-east, to see what is available up there. Visitors from the Gulf states are coming with us to see many little companies around the region. They have a lot of offer us in terms of business. We have a lot of offer them in advice, support and direction. That is what they need.

Peter Meyer: I speak reasonable French, having lived in France for quite a long time. I do not see the French language being a real barrier, although my colleague is right that a lot of English people are nervous. There is great potential in Algeria, but we know that the political situation is rather frozen, with the President being in an advanced state of ill health. That has frozen any major decisions being made there. It is in a very difficult adjustment period between the relative serenity of high oil prices and the current oil prices. It is difficult to make immediate progress there today.

Tunisia is a small market, as is Morocco. Your bigger markets in North Africa are going to be Libya and Egypt, which each have their own challenges. We are particularly well ensconced investment-wise in Egypt. We have the Suez Canal, of course, which it increased in size at a time of complete economic stagnation worldwide, so it has not had the added traffic coming through that it would have hoped for.

In many of these countries, it has been very difficult to be paid. Although the opportunities are good, a lot of my SMEs feel that they do not get the financial support here to assist with, in many cases, very late payment. It is certainly the case for Libyans, who feel fairly confident that they will pay, but is it this year, next year or the year after? Unless you are getting really sympathetic support from your banking system, you will not be able to take those risks.

The opportunities are in PPP93 and helping in education and skills training. When we talk about the transformation of an economy, although they have a lot of universities, certainly in Saudi Arabia, they are not producing people ready for the workforce. Another problem that we have with Saudi Arabia, if I take it as an example, is that, when the men come up through university and start looking for jobs, their first wish is to join the civil service. That is where they have their uncles and their cousins, and, to a degree, that will get them a position on the ladder in the civil service. They regard that as a far superior role to going into the ups and downs of industry.

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There is quite a problem, in that sense, with convincing the young people to be entrepreneurial. I may be making a slight generalisation, but it is a fact. I have always said to them, “What you have to do is to bring your women into the workforce, because they do not have the same attitude. They want to get into a job and do it”. We will have to see women advance more in Saudi Arabia, if it is going to turn this corner.

Lord Hannay, you made the point at the beginning that this is not a bloc. That is one of the problems that we have faced in our relationships with FCO and DIT.\(^{94}\) Whereas China and India are more or less homogenous markets that they can get hold of, here you have to have 24 experts, and what is important in the region is to have very strong relationships. It is not only knowing what the economy is, but knowing the people in country.

We find that we have a problem with government on this. DIT has been turned around so many times that there is not much continuity there. The embassies suffer from a lack of resources to play the role that we, at the MEA, would like to see them play.

The Chairman: I am watching the clock. We have a lot of questions, but there are two more on this first issue.

Lord Grocott: You described the enormous importance of trade with this region as far as the UK is concerned. Most of the time, trade trundles along at various levels of activity without too much excitement as far as Governments and politicians are concerned, with one exception, which is arms sales and related matters. You have described how important that is as part of the trade. Can you flesh that out a little and explain to us how significant it is? I suppose I am talking particularly in relation to Saudi Arabia, the Gulf states and that part of the region. Of course, the salience is partly the argument about what the arms are used for, but there is also the issue of the jobs it provides in the United Kingdom. Could you comment on that?

Peter Meyer: There is a very large arms trade with Saudi Arabia, which has been stepped up because of the war in Yemen. That puts us in an awkward position, because we would all prefer to see peace back in Yemen, which would result in a fall-off in arms sales to Saudi Arabia. Whatever happens, there is a degree of public opinion that feels we should not be supplying these sorts of weapons to Saudi while it is carrying on the war. As to whether that public opinion will have any effect—maybe yes, maybe no; I am not an arbiter on that.

We seem to have a much easier and more balanced relationship with the UAE, where there is more training. That is a first-class relationship today. It is also one of the GCC countries that has been very happy to keep expats in place, as opposed to Saudi, which, perhaps because of the employment problem, has made a lot of expats leave. The economy has suffered. It may gain a little in jobs, but the economy suffers. If we look at the UAE and the way it runs Abu Dhabi and Dubai, these are being run well. It is a very successful country.

I do not want to take up too much of your time, but Kuwait is interesting today. It has started investing a little more in country. For a long time after the invasion of Kuwait, it wanted all its money outside the country, but it has now started investing back in and opening up relationships with Iran. That may be an interesting thing to follow. Sorry, I do not want to take up too much of your

\(^{94}\) Department for International Trade
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time. If I have answered your question, I will stop there; if you want me to go on, I will go on.

Abdeslam El-Idrissi: I would just add that the arms business is a big part of the UK economy. We sell arms not just to Saudi and the GCC countries, but worldwide. Yes, Saudi is one of the biggest arms purchasers from the UK, second to America. At the end of the day, it is a business. It is something that happens on a day-to-day basis. With BAE Systems up in the north of the UK, in Preston, a lot of families and other groups of people depend on arms deals, not specifically because they are sold to Saudi Arabia, Qatar or wherever, but because they are arms that we sell worldwide. We sell arms to America; it sells us arms, and so forth. It is a bit wrong to pin that just to what is happening in the region.

If you speak to Ministers in the region, they always tell you that there is one thing they wish for: complete peace in the region. Unfortunately, what has happened in the last five to seven years, since the Arab spring, has changed the dynamics. It has changed the dynamics around the area. There are always pockets of trouble coming up, wherever you go.

If you look at what is happening in Yemen, that is a UN-mandated action against the Houthis. It is not an illegal war, as has happened in other parts of the world. It is a war to try to get a country back into shape, as we tried to do in Iraq and in Syria, and we saw the consequences. The reality of the problem is that there is nothing more that these Governments want than peace in the region, to move on and to provide jobs and opportunities for their countries.

I will go back to another question, to show you what the UK is able to do. The day before yesterday, we had a meeting with the governor of Saudi Arabia’s small to medium-sized businesses authority. They came to the UK, met some parliamentarians and went around to see a few companies. They want to grow their small and medium-sized businesses. They are coming to us to find out how we do it in the UK, because they want our know-how. It just shows you: they are coming to learn from us, as with PPP. In this case, they want to know how they can help their economies flourish.

One thing they have in Saudi Arabia is King Abdullah Economic City. It is the biggest, most phenomenal project in the world. It is a complete city built from scratch. They are trying to create partnerships with British companies to set up in this new city, with subsidised rents and subsidised support, to help them do joint ventures. They see themselves as doing business not just with Saudi or the UAE, but with the rest of Asia: the old Silk Road, as they call it. They are going back to history to see how they can be pivotal in facilitating trade for the UK across the region.

Q167 Lord Inglewood: I would like to ask each of you, if I may, what impact you think Brexit will have on this country’s general relations with Gulf states. Then I will turn specifically to possible free trade agreements, which we have heard a lot of talk about on the political scene. Your comments seem to imply to me that there is much trade going on now and a free trade agreement would not add very much. There is the whole question of human rights, which we touched on. You have slightly skirted the central point. Do you think there comes a point when human rights records get so bad that we should not do business with them?

Abdeslam El-Idrissi: On Brexit, we did an event last July called the GCC-British Economic Forum, where we had the Minister of Trade for Saudi and the Minister
Mr Abdeslam El-Idrissi, Director of Trade Services, Arab-British Chamber of Commerce (QQ 165 -171)

of Trade for Bahrain. We had Secretary-General Al Zayani of the Gulf Cooperation Council, which is a council of Ministers. From the British side, we had the Duke of York and we were very proud and pleased to have the right honourable Liam Fox as one of our keynote speakers. He had taken office just two days before that, and there was a complete reshuffle. One of our sessions was about Brexit.

It was early days. We had just had the vote. We were talking about Brexit and everybody was in a solemn mood: “What is it going to mean?” Once the panel started talking, they started raising issues: “What a wonderful thing this could be for Britain. We can have FTAs. We can trade individually with countries. We will have no restrictions, no quotas, no tariffs, and we will agree what we want to work on. Now it is done all by Europe, and we have to buy into and use what Europe sets for us, whereas, if we sit down with the GCC, that will give us the opportunity to trade with each other, without the restrictions that Europe has placed upon us”.

Lord Inglewood: Is Europe getting in the way now?

Abdeslam El-Idrissi: It is getting in the way now, but Theresa May made an amazing visit to Bahrain on 9 December, when the Gulf Cooperation Council meeting of Ministers was held. That is the first time that a foreign leader has met and sat with this group. It was a phenomenal move, and it was agreed that a strategic partnership group would start from that point. They are going to meet again in March to talk further about how to build up a GCC-UK FTA. Remember, Europe in 1988 tried to do a GCC FTA, but by the end of 2008 the GCC had said, “Forget about it”. It was too complex. 20 years later, they could not do it anymore. The bureaucracy just put them off.

The Europeans, in April last year, started talks again to do an FTA with the GCC, but we have caught up now. We have such momentum to have a superb FTA with the GCC and other Arab countries. I will tell you something. When we meet Ministers from these regions, as we met them before and I meet them all the time, they cannot wait to be sitting at the table and discussing one-to-one about an FTA with the UK. They can see great potential in it.

Lord Inglewood: I am interested in what businessmen feel. Are they smacking their lips at the prospect of all this trade that is going to come, or do they think it will make little or no difference? I do not know the answer.

Peter Meyer: From my experience, I would say that they are not looking for it to make a big difference. On the negative side, a lot of the civil service, if I can use that as a very global term to cover everyone in government, will be so concentrated on the Brexit arrangements and all the difficulties that they entail that we will get less support from government in this region than we would have liked. I see it as a negative effect, in that sense.

We have talked about the insecurity in the region. Of course, that plays into the hands of the security and arms sales, and that will happen anyway. It is the SMEs I look after that are wondering whether they will get an increased market share. They will only get that increased market share in the countries that are emerging, which are Iran and Libya at this stage. The low oil price is keeping a lot of the other work lower than it was. Many of the projects have been pushed

95 Free trade agreements
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out, so, if we are looking to get something that will compensate for that, then it has to be in what I call the emerging markets, which for me are Libya and Iran.

Q168 Lord Reid of Cardowan: Both of you have already touched upon this in a fragmented way in your other answers, but I wonder if I can focus you on the attempted transformation of many of the Gulf countries away from oil and towards diversification in other areas. The obvious and best known one is Saudi Arabia, with its plan for 2030, but of course the Emirates, Kuwait, Bahrain and Oman to some extent have the same programme. First of all, how can we assist this? Assuming that we think in terms of foreign policy and international relations that this is a good thing, which I think we do, how can the United Kingdom assist in that?

Secondly, on the other side of the coin, what are the opportunities for British businesses in so doing? I wonder if both of you would focus in on that; you have already referred to it. Can I encourage you, because your words and advice are so valuable, to raise the decibel level a little, because the acoustics in here are not particularly good? We do not want to lose even a small part of your advice.

Abdeslam El-Idrissi: As we said, the whole region, particularly the GCC countries, have these 2025, 2030 and 2050 visions, which basically involve, as you rightly said, moving themselves away from oil dependency. How can the UK help them? It is very simple. We have a range of abilities in this country. We have touched upon public-private finance, because they want to get all their state-owned companies to go private. We have the skillset. We can show them how to do it. They want to evolve their education systems. They want to create more universities. We have amazing universities in the UK, which can work in partnership with them to evolve their universities.

Funnily enough, we knock it all the time, but we have the NHS. They look at the NHS as an amazing asset to Britain, and what is happening in the NHS they want to use back home. They are trying to learn how to run a system like the NHS. Again, it is another great opportunity for us to sell our skillsets for how we run the NHS. It is not all bad; it has some positives.

Let us go to finance. A lot of them are trying to become finance hubs. Again, we have amazing talent and the ability to tell them how to raise the bar in running their finances and banking. In Saudi Arabia, there are not many foreign banks, and that is going to change. There will be opportunities for British banks to open up branches in the kingdom when 2030 arrives.

The other area where they want to evolve—particularly Saudi Arabia—and which nobody has ever heard about, is tourism. Nobody would have thought you would go on holiday to Saudi Arabia, but they are now pumping in tons of money to evolve tourism in the region. They want people coming into the country, and they are going to start facilitating that.

Those are a few that apply to Saudi, but they apply across all the GCC countries, because these elements are still formative. They want to look at what Britain has to offer in innovation. If there are some good ideas that need financing, then they are ready to come and invest. A Dubai company recently spent $5 million investing in three companies—one is in the UK and another is in Finland—to look at how to create rain in the region when they need it, and whether and how they can manipulate that. It is a scientific exercise, but they are ready to invest
Mr Abdeslam El-Idrissi, Director of Trade Services, Arab-British Chamber of Commerce (QQ 165 -171)

money in it. They are ready to do R&D with us. Those six aspects touch on a lot of important opportunities that Britain can bring to the region.

**Peter Meyer:** I am a little less enthusiastic about what we can get out of this. In order to help them diversify their economies, we have to interact with our SMEs. If you are an SME here and you are looking at linking up worldwide with other SMEs, you will find that the Far East and probably even the US offer many more dynamic opportunities. It is difficult to get them to concentrate on working in what is quite a heavy-water market, if I can put it that way, with the Saudis, where you have to spend an enormous amount of time building a relationship. Between Anglo-Saxons, you can do deals on the telephone. There is no way you can do deals on the telephone with Saudi Arabia. You have to spend time in Saudi Arabia, and how much time do they have?

**Lord Reid of Cardowan:** What about the other Gulf states?

**Peter Meyer:** It is true of all the Gulf states. The one that is most open from our point of view is the UAE, because it has left a lot of the Anglo-Saxon management managing affairs, whether it is airports, airlines or utilities. It is very much more an Anglo-Saxon mind-set, which you can relate to very quickly. Saudi is really different. It has quite a big population. We are talking about 25 million to 30 million. Is that right?

**Abdeslam El-Idrissi:** It is 34 million.

**Peter Meyer:** You are ahead of me. It is always more difficult to transfer a big number of people. Kuwait is much smaller; you can do things. Even Libya is only 6 million. You can do things relatively quickly. It will be hard to change the mind-set in Saudi Arabia in the short term. Although we can be helpful in a diplomatic sense, if we are talking commercially, I do not see that we would get a lot out of it, except to maintain our existing markets there.

**Abdeslam El-Idrissi:** We are talking about SMEs. I deal with SMEs quite a lot across the country. I was up in Sheffield not long ago, speaking to the Manufacturing Forum. Small businesspeople, one or two-person manufacturers, want to export into the Arab world. They are very keen and very happy to do so. We tell them about the cultural challenges that they might have. They are not great cultural challenges, and they have changed tremendously over the years, but it is about understanding how business is carried out. It is about educating people, whether they are SMEs or whatever, informing them and arming them with the information and support they need, as we do. Then they will enter the market with great ease. We have a lot of small businesses that travel to the region on trade missions, time and again. What they need from the British Government is support to go out and visit these countries, because their funds are limited. That is where our challenge exists.

**Lord Reid of Cardowan:** I have a quick supplementary. I do not know whether this is what Mr Meyer meant, but is there a difference in business culture here? Is what you call the Anglo-Saxon culture much more transaction-orientated, whereas perhaps the Arab culture is based on personal trust and development of trust over a long period of time?

**Abdeslam El-Idrissi:** That is true, sir.

**Lord Reid of Cardowan:** Therefore, it takes longer for someone outside of that ambience to develop those relationships than it would take in what you call the Anglo-Saxon culture, where it is: “Show us the money. Where is the deal? What
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is the bottom line? What is in it for me?” I may never have met you before. It is more Donald Trumpish than a cultural, trusting relationship. Is that an unfair characterisation?

Peter Meyer: It is a fair characterisation.

Lord Reid of Cardowan: Would you agree with that?

Abdeslam El-Idrissi: To some extent I would, but I would like to add one thing. Our strapline for the Arab-British Chamber of Commerce is “friendship through trade”. That is historical in the Arab world. You have to start a friendship in order to trade. They love talking to you first, and then talking about business. It is a nature; it is a culture; it is a way of doing things. Even Dubai is not as Anglo-Saxon as we believe it to be. It is conservative with a small “c”, but there is a lot of conservatism in there. I will not go into details, but there are a lot of differences.

With proper support, education and signposting by people like us, the Middle East Association and DIT, we can make it terribly easy for British companies to do more business in the region. We are missing opportunities. Other countries are going in and taking the lion’s share of the business, and we are missing out, for the simple reason that our small businesses find it very difficult, in cost and money terms, to travel and visit these countries.

The Chairman: I will make one comment. I have heard exactly the same argument about doing business with China as the suggestion, which Mr Meyer made, that you need some time to develop these things.

Q169 Lord Hannay of Chiswick: We have not talked very much about Iran, although, along with Turkey and Egypt, it is one of the largest markets in the region we are talking about. Could you offer us some thoughts? British trade with Iran is very small. First of all, what are the main impediments? Is it the case that the lifting of sanctions that took place about a year ago, when the nuclear deal was confirmed, has not worked out for the Iranians and has not enabled them to trade as freely as they would wish with the outside world, including Britain?

On the other side, to what extent are British exporters, of both services and manufacturing, impeded by Iranian bureaucracy? There is plenty of that there, just as there is in Europe, perhaps worse. Are there other impediments, such as the nature of the Iranian state and so on? To what extent do you think the Government could help to break those things down? Could the Government help the Iranians over the lifting of sanctions, in the sense of making it more effective? Could the Government negotiate with the Iranians to make access for British businessmen easier and, if so, what should they be doing?

Peter Meyer: Those are interesting questions. I have done five missions to Iran in the last 18 months, so I have probably got close to some of the matters that you are raising. When you look at Iran, just forget the JCPOA and look at the track record of how it has been performing over the last few years. It is doing outstandingly well, compared with the other GCC countries. What has it got today out of the JCPOA? It has had a lot of funds unfrozen, so those have come back slowly. It does not have it all back, but it is getting it all back, bit by bit. It

96 The Joint Comprehensive Plan of Action aka Iran nuclear deal
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has opened up a willingness from our European friends—the Germans, French, Italians, et cetera—to start doing real business with Iran.

On our side, we are in the worst possible position. What is still holding up Iran is the American sanctions that were put in place post-revolution. I say we are in the worst possible position because American companies that want to do big contracts with Iran, such as Boeing, can go to OFAC\(^{97}\) and say, “This is the contract. Can we do it?” They get a stamp and they are allowed to do it.

None of us here are allowed to do it. We do not have that mechanism. Although we are allowed to talk to OFAC, I do not know any UK company that has been able to go to OFAC. We can talk about Airbus, but apart from that one we do not have the mechanism here. The fact is that these early sanctions affect the banking transactions principally. London is peppered with Americans in its banking system. Even banks such as HSBC and Standard Chartered, which were always very important with Iran, are not able to offer any facilities to UK companies wanting to enter this market.

In fact, we have a very negative situation, in that, if our SMEs can find a market in Iran and want to start trading with Iran, they are told by their banks, “If you start that, then we will have to end our banking relationship with you”, normally within 30 days, for personal and corporate. There is a really big problem.

We have a problem with Iran, which expected to have open access to the London financial markets, both in insurance, which is important to it, and in the banking system. That has not happened. I saw Lord Lamont recently—Lord Howell was there as well—and asked him, “What is the light at the end of the tunnel?”, but he was not able to give me any comfort. The central bank of Italy has bent over a bit to help, where necessary. The Bank of England, for the minute, has not found it in its power to do so. The big problem is finance, for financing trade, and we have a lot of companies that want to go and do business.

If you talk about government, we are still the little Satan to some extent. We probably did not benefit too much from the fact that Theresa May was in New York shaking hands with the new President, at a time when he was tweeting out all his anti-Iranian stuff. You have to understand that, from the Iranian point of view, they like dealing with British business. Try to forget the Government. What the Government could do is free up the financial system so, as London, we could start financing and opening insurance markets.

**Lord Hannay of Chiswick:** What about on the Iranian side?

**Peter Meyer:** All the trips that I have had there have been very encouraging. They want to deal with British business, for some of the reasons that I have already said. They are desperate to privatise their economy, and you have a much better chance there than you do in Saudi Arabia, because you have an already diversified economy and people who are entrepreneurial. It is relatively easy to do your JVs,\(^{98}\) because you have a lot of JV companies that you can work with in Iran, whereas in Saudi you do not. You have individuals and the state, and not too much between the two. As you might understand, I am very enthusiastic about Iran. The prospects are there. Again, you have to spend time

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\(^{97}\) The Office of Foreign Assets Control of the US Department of the Treasury

\(^{98}\) Joint ventures
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to get the confidence up, but I see a lot of interest from Iran to do a deal with us for financial matters, insurance matters, PPP and project management.

When we look at Iran, we do not look at just the domestic market, which has become very resilient because of sanctions. It can produce a lot of what it wants. There is a bit of cutting-edge technology in the hydrocarbon industry, which it had been denied; Total and Shell are going back and BP will probably produce there. It has very low manufacturing costs. Its motor industry, for example, is being supported very heavily by France, because of the export opportunities from Iran as a base.

We go to them, and what they say to me is, “Yes, we like your widgets, but what we really like is your commercial know-how. We would like that to form an important part of the JV so that we can become more commercial in our own market, but also in the export markets”. We have not spoken about Oman, but Oman is a very important market. We have superb relationships between Oman and the British. That is being linked closely to Iran’s development. I do not know if that helps.

Lord Hannay of Chiswick: Yes, it was very helpful.

The Chairman: We will finish this question and then we will play musical chairs, because Lord Howell has arrived. Mr El-Idrissi, do you want to come in on this issue of the Iranian nuclear deal?

Abdeslam El-Idrissi: I wish I could, but Iran is outside my remit because we deal just with the Arab world. I would not have much to add.

Lord Howell of Guildford took the Chair.

The Chairman: My apologies for chopping and changing for various reasons. This is a very interesting session. Thank you very much for being with us. The question that I think Lord Jopling was hoping the Committee would now come to is, in a sense, the biggest of all. This concerns China.

Q170 Lord Purvis of Tweed: This is returning to the point that Lord Jopling mentioned with regards to China. Briefly, are you able to outline to the Committee what you see as the potential for Middle East trade with Asia-Pacific and China in particular? The Committee is aware of the huge amount of trade that is already carrying on within the region, especially in transport, infrastructure and commercial construction. The growth in that trade has been immense over the last few years. I was just reading that they have had their ninth round of discussions on the FTA over a 13-year period, which may be relevant to the earlier questions about how quickly FTAs can be reached.

Given the potential that that will be concluded this year or next, I wonder if you are able to say what we would expect trade with China and Asia as a whole to potentially look like over the next few years, and whether that will be in direct competition with our relationship with the region.

Peter Meyer: We are talking about One Belt, One Road to an extent. Iran is a very important crossroad in One Belt, One Road. We know that Iran was already supported enormously by China, before it signed its nuclear deal. China is still there, and is probably the only large source of finance for Iran at this point in time, with a bit coming from South Korea. We know that the Chinese are taking
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One Road, One Belt rather seriously, and they are putting rather serious money behind it.

If we are better involved in Iran that will open up UK interests in developing One Belt, One Road, because these are infrastructure projects in which we have consulting engineers who can play their part. It will have to be developed from a commercial and tourism point of view. So many things will happen on that route to which we could contribute that it is an area we should seriously take time to work on. Working with Iran and China is the key to our involvement in that. The route is not just one route. There are wiggly routes, with some bits coming in by sea, so there are ports to be done.

We are very much in touch, at the MEA, with the railway authorities in Iran, looking at their transit routes. That is a very interesting area. We are also talking about fibre-optic cables, which often run alongside railways. This is going to be a very important link between China and Europe, and it would appear to anyone who has had experience in the banking sector that, if you cut milliseconds off the time of data transfer, it is worth a fortune. Obviously, this is going to be a shorter route than the present routes coming up through the Suez Canal.

Abdeslam El-Idrissi: I can go back quite some time to when I used to see tenders coming from the region specifically saying “no Chinese goods”. That has changed over the years, and China has been involved in the region quite a lot since the 1990s. Since then, it has upped its game and its standards. China is providing an amazing workforce with amazing people to come and design metros and railways, at an affordable price. At the end of the day, it is about price.

We cannot beat China on price, but we will be the people who design the metros and railways for the Chinese to build. I do not think an FTA with China will impact the trade between the UK and the Arab world. It will actually enhance it, because there will be more programmes happening for the Gulf states and other states to deliver. We, as great innovators, can supply the products, the design and the technology that they need to make them happen.

Lord Purvis of Tweed: The scale of this is so large that the FTA between the GCC and China is potentially of greater economic value to the UK than a UK FTA with the GCC.

Abdeslam El-Idrissi: An FTA with the GCC would enhance the connections of the FTA with China. If you do not have an FTA with the GCC, that business will not be there, because you do not have easy access to it. The whole idea of an FTA is to have privileged entry into markets and into these big contracts. That is why we need to have an FTA in place.

The Chairman: Who is going to pay for it all? It all sounds terrific, but where are the resources coming from—China?

Abdeslam El-Idrissi: The Gulf states, as you know, are diversifying and issuing bonds. Saudi is selling a big stake in its own oil company, Saudi Aramco. There are talks about having a GCC fund to help push the economy across the whole region, so that nobody misses out. There is some thought being put, as we speak, into how to fund these projects. The money can be got through selling-off and privatisation within their own countries and building those funds in that way.

The Chairman: Can I press you a little further? Are we looking at Chinese strategic politics? Are we looking at vast subsidised market forces? You hear that the Chinese want to reduce their reliance on overseas energy sources—this is
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their instinct—and at the same time expand these enormous activities right through the Middle East and, indeed, Africa. They have more or less taken over Africa. We should try to understand the motive of these two, as they advance into the Middle East. What is it?

Abdeslam El-Idrissi: I cannot speak for the motive of the Chinese, apart from gaining the big contracts and the money that comes with them. The motive of the Arab states is to build their economies at the best price possible. If somebody comes in with a better project price, because it all goes out to tender, they will go for the best price. That is where the pressure comes. The FTA will make sure that people who are trading with Saudi, Oman or Qatar are coming in at what the market is expecting for those projects.

The Chairman: Do you see China politically, militarily and in security terms being more sucked into the whole region, partly through the OBOR initiative, but partly through its involvement with the United Nations? For instance, a joint UK-China defence dialogue has now been started. Is the whole issue that we are discussing going to come on to the agenda of that group?

Abdeslam El-Idrissi: I really would not have an answer to that. I know that the whole region is trying to find ways to bring peace to the region and calm the whole situation as it stands. All the differences that exist, whether with Iran or Syria, have to be addressed and dealt with as quickly as possible, because the region cannot grow and evolve if there is still turmoil and doubt about doing business there. People get put off when a region has wars happening in its neighbourhood.

Peter Meyer: The latest links that I have had with China have indicated that it is much keener on the money it has available to promote infrastructure projects being put into One Belt, One Road than into Africa. It is saying that Africa will take a second place in this. When we talk about China, very often we are looking at projects that are really UK-China. One of our major consulting companies has a JV arrangement with a Chinese construction company that is bidding for a large contract in Iran. A similar one is bidding for the metro project in Tripoli. To the extent that the Chinese were initially going in on their own, a lot of the countries now are saying, "No, we feel more comfortable if we have a UK project management involved, because then we will get the project on time and to cost. There will be appropriate training programmes and an appropriate after-sales service for spares, et cetera". The Chinese are now much more inclined to go with a British project management company into these markets, which could be very good for us.

The Chairman: I have one final question on this, because it is a vast issue. What do you think India feels about the Chinese bypassing it and penetrating the Middle East? What do you think Russia feels about it? Is it possible to assess that?

Abdeslam El-Idrissi: It is terribly difficult from my perspective.

The Chairman: Presumably it does not like it at all.

Peter Meyer: Russia is feeling its way into a greater role in the Middle East, which we certainly have to take account of. That is also a function of how much the US wants to pull back. I spent about 15 years in Libya so I am sorry if I talk a bit about it, because I think it is important. We have just had a slight change in the FCO attitude. A statement was made by our Foreign Secretary, saying that
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now there is only one man who can be looked to to sort out the problems in Libya, and that is General Haftar.

We ran a major conference at Lancaster House a week ago, and up until that time, in my weekly meetings with the FCO, I kept saying, “The GNA are rather weak at this stage. What are the dialogues going on with General Haftar?” They said, “There are none and we are only looking to support the GNA”. It seems to be a rather quick change of step, so now it would seem we are supporting General Haftar, within a one-week interval. That, some people are saying, is because the new President in the US has said, “I do not want to get too involved in Libya. It is a complicated situation. Why do we not leave it to the Russians? Let them sort it”. I hope that is not the case, but that is what is being said. It is difficult territory.

The Chairman: Those are enormous trends.

Q171 Lord Grocott: The final question is about trade within the region. It is partly triggered by a comment that one of our earlier witnesses offered, which was that relations between the Gulf states and Iran in particular can sound pretty belligerent at times, but in practice, under the radar, there are increasing amounts of trade within that part of the region. Maybe you could comment on that, particularly in the light of the observation that one of you made earlier about the watchword being “friendship through trade”. What, if anything, is going on in that part that I have referred to, and what are the hopes of some friendship arising as a result?

Peter Meyer: My experience in my three years of running the Middle East Association is that you have government and, under that, you have the trading families operating in the GCC. A lot of these trading families have Iranian origins, through people who have moved across in the course of the last 100 years. The trading companies have a network that extends back into Iran, and it is normal. We understand that all these links between the trading families are now being reactivated.

This is distinct from the political elite in government. We possibly do not see it as much, because we tend to see the headlines related to what Government are saying about incidents. It seems to us quite clear that the trading families—particularly in Kuwait recently, but not only Kuwait; Oman is a very active area—basically see that there will be increased trade in Iran, and I think they will take advantage of it.

Abdeslam El-Idrissi: The only thing I would really add is that trading goes on whether or not the media say, “It is not good; it is not happening. They are at war with each other”. As Peter said, those trading families continue to trade. I know there has been a lot of trading done through the UAE, Oman and Bahrain. A lot of trade is happening under the radar, which is not documented in most cases. The issue with Iran and the region has been boiling over for some time, since the Iran-Iraq war, and it has continued.

At the bottom line, Governments are talking to each other. Last month, the Saudi Government and the Iranian mullah were talking. It was to do with hajj. They sat down together because there is a lot of business between Saudi Arabia and Iranians coming to the pilgrimage in Mecca and Medina. Iranians are allowed in, because it is to do with Islam. There are talks going on. Only a small movement is needed to broker the difference in terms of nuclear proliferation and all the stuff that is concerning the whole region about Iran. The Saudis are
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keen to sit down and sort out the problems that they have, and all the rest will follow suit.

There is movement on that and a possibility of us concluding on it quite quickly. Again, we heard something from the President of the United States that has thrown another dice—about putting Iran on notice. What that means nobody knows, so I do not know how it is going to affect the long-term relationship within the region.

**The Chairman:** The hajj has always been a bit of a unifier; they have to work together. Beyond that, can one point to any real signs that either the inner group of the GCC or the larger group of Arabia will co-operate and work together on major developments of prosperity and defence, or is this just an eternal hope that never happens?

**Abdeslam El-Idrissi:** The will is there. It could be an eternal hope, as you said, but the will is there. When you hear the people who are responsible in the region, they are looking at it in a positive way. They want peace in the region because, at the end of the day, their biggest challenge moving forward is how they create jobs for the millions and millions of young people who need them between now and 2030. That is their key thing. If they do not sort that out, they are going to have problems in their own countries. Their key thing is how to get a stable region. As long as you have wars happening around you and across your neighbours, there is no prospect of people investing or building the economies of those countries as they want them to be.

**The Chairman:** I know that Lord Jopling is very grateful, as am I, and I apologise for the interruption in the middle. These are huge areas and huge issues. I believe that the Prime Minister said that this area, and the GCC in particular, is the biggest investor in the United Kingdom.

**Abdeslam El-Idrissi:** That is correct.

**Peter Meyer:** That is right.

**Abdeslam El-Idrissi:** It is looking to invest more as we move forward.

**The Chairman:** On that note, which is both hopeful and questionable, thank you very much indeed, both of you, for being before the Committee. We are very grateful to you indeed. It has been a great help. Thank you very much.
Mr Tobias Ellwood Ellwood MP, Minister for Middle East and Africa, Foreign and Commonwealth Office (QQ 190-195)

Transcript to be found under Mr Neil Bush
The Ennahdha Party - Written Evidence (MID0012)

1. The Ennahdha Party, Tunisia’s Muslim Democrats, is happy to respond to the House of Lords International Relations Committee inquiry into the Transformation of Power in the Middle East. We have been at the forefront of events in Tunisia since the start of the Arab Spring in 2010-2011, and our party has evolved to accommodate the changing dynamics of the region. Our 10th Party Congress in May 2016 saw the party move away from being a religious movement to a political party in which the values of Islam still play an important role. In this respect, we consider ourselves quite similar to the Christian Democrats of Germany. This shift is key to enabling us to serve the Tunisian people and deal more effectively with the challenges facing Tunisia, a set of challenges that mirror many of those facing the region as a whole.

2. Ennahdha specifically, and Tunisia by extension, retain strong links with the United Kingdom. During the time of former President Ben Ali, many of our members, including our President and co-founder Sheikh Rached Ghannouchi, were exiled and sought asylum in the U.K., where many would come to spend over two decades. The values of the British democratic model thus helped influence the thinking and trajectory of Ennahdha, a party that went on to play an important role in drafting the Tunisian constitution, widely regarded as the most progressive in the region. As well as these political ties, our two countries are also intertwined by trade and tourism, with Tunisia having historically been a popular travel destination for British tourists. However, the tragic attacks at Bardo and Sousse in 2015 have led to a drop in British tourists visiting Tunisia, and this points to a wider set of shared challenges. To a large extent, the relationship between Tunisia and the U.K. is now seen through the prism of shared threats including terrorism, the destabilising effects of the security situation in Libya, migration, and more recently the notion of trade in a post-Brexit era. With these challenges in mind, it is crucial to maintain and strengthen the links between Tunisia and the U.K.

3. The following submission sets out the key challenges and priorities for Tunisia, the trade opportunities available between our two countries, and our thoughts on the broader and ever-changing geopolitical landscape of the region.

Key challenges and priorities

4. Calls for “liberty” and “dignity” were central tenets of the Tunisian revolution. Although the former has been largely realised through our political transition and new constitution, more must be done to make the latter a reality. Reforming and reviving the Tunisian economy, thereby giving Tunisians economic opportunities enabling them to lead dignified lives, is therefore the greatest priority as it underpins our progress in many other areas.
5. According to the IMF, GDP growth in Tunisia is expected to pick up to 2.5% in 2017 from 1.3% in 2016.\(^99\) However, significant macroeconomic challenges persist. Tunisia inherited a difficult social and economic situation from the era of Ben Ali, and although a number of reforms have sought to address this, these can have destabilising social effects. A fundamental challenge is reforming the economy whilst protecting the most vulnerable. This makes reform around specific state subsidies particularly challenging, especially on basic commodities like bread, sugar and fuel.

6. A democracy that cannot deliver jobs for the 31% of youth who are currently unemployed, many of whom suffer from decrepit local infrastructure in historically disenfranchised inner regions and fewer income opportunities for struggling families, is an unsustainable democracy that will soon face rising popular unrest. In a positive move for the country, the Tunisian Parliament recently approved the 2017 Budget, which will attempt to solve various structural issues within the Tunisian economy, namely reducing the country’s deficit and decreasing the public sector wage bill. Combatting youth unemployment is clearly of huge importance and we are implementing numerous job training programmes and developing more effective apprenticeship schemes. We are also seeking to help SMEs and the private sector, encouraging entrepreneurship, and boosting infrastructure investment in the poorer inner regions of the country.

**Political challenges**

7. Inequality between the coastal and inner regions extends to the political as well as the economic spheres. Following an extensive parliamentary process, we are hoping to carry out regional and local elections by the end of 2017. This will facilitate the decentralisation of power, thus implementing the spirit of Chapter Seven in the Tunisian Constitution, which enshrined the importance of local governance and decentralisation of power.

8. Another political challenge is corruption, which was pervasive under the Ben Ali regime. Our modern and progressive constitution is underpinned by the strength of the institutions tasked with implementing it, and combatting corruption is key to effective governance. Ennahdha has played a vital role in pushing anti-corruption legislation through parliament, including a specific law designed to protect whistle-blowers, an increasingly important source in the fight against corruption. This is also a hugely important topic for Tunisians. Not only was corruption a trigger for the revolution but a recent IRI poll suggests that 78% of Tunisians believe the level of corruption is higher than before the 2011 revolution.\(^100\)

9. A Commission was specially appointed to work on a new Anti-Corruption Bill, and Ennahdha had strong representation throughout this process. Much of the work of the Commission focused on encouraging strong and


transparent governance while stressing the role of civil society and the need to raise awareness among citizens to fight corruption. This has been a clear priority for all parties, and in February 2017 Tunisia's parliament passed a law with 145 lawmakers out of 217 voting in favour of the 36-article law. This law criminalises any retribution against whistle-blowers including any disciplinary measures against civil servants, an amendment Ennahdha was centrally involved in passing through Parliament. In order to encourage people to come forward, the Anti-Corruption Commission honoured 10 whistle-blowers at a recent ceremony in Tunis.

Social challenges

10. There are also a number of social challenges within Tunisia. National reconciliation has been a key project following the fall of the Ben Ali regime. This seeks to prosecute certain crimes carried out under the previous regime whilst ensuring the progression of our democratic transition by not excluding whole swathes of people from political and social life. This has proven to be a delicate balance to strike.

11. Another legacy issue we are looking to address involves the role of women in society. Ennahdha has been working continuously to draft legislation protecting and progressing the rights of women. We feel well placed to comment on this as one third of our parliamentarians are women, the highest figure of any party or bloc in Parliament and a figure that exceeds that of most political parties in established democracies. We are currently pushing for specific legislation to strongly tackle and reduce all forms of violence against women. The proposed law, which would be incorporated into other legislation and government policies, would introduce sweeping definitions of gender-based violence, covering psychological and economic harm in both the public and domestic spheres. Penalties for sexual harassment at work would be increased and police officers and hospital staff trained in gender issues. We firmly believe that the moderate values of Islam are in line with protecting women’s rights.

12. Just like in other countries, the myriad challenges we face are often interconnected and fallout from one sphere can impact other areas of daily life. One key area in which Tunisia has called for multilateral cooperation is Libya. Sharing a vast border with Tunisia, Libya is struggling to emerge from the shadow of Gaddafi and the political void his regime left behind, which no centralised authority has managed to fill. Instead, smaller militias have sought to impose themselves leading to a quasi-civil-war within the country. Extremist groups such as Daesh have attempted to take advantage of the situation and have targeted the sense of disillusionment amongst youth to swell their ranks. Although the situation has changed over recent months, pockets of Daesh resistance remain in the country and Tunisia continues to face the threat from returning foreign fighters. Stability in Libya is therefore of critical importance to Tunisia as providing security to citizens and visitors is a core prerequisite for any functioning state.

13. The terrible 2015 attacks in Bardo and Sousse were carried out by young men who had trained in Libya. This is a central issue for most European
nations as well, and has caused division in Tunisia between public pressure to revoke the citizenship of the returning terrorists and the need to respect the state’s international commitments. Ennahdha is a core part of the governing coalition, so our strategy is in line with that of the Tunisian government, which has developed a comprehensive strategy to combat terrorism. We have signed UN Resolution 2178 on violent extremism, and point number 4 of this convention deals with returnees. A large part of the problem is understanding the myriad reasons for people deciding to join Daesh and then developing a strategy to counteract them. This needs to be done as effectively as possible, and we have already seen how returning fighters can do immense damage to the country’s social and economic development. Ennahdha firmly believes that our international commitments must take precedence in this debate, and that returning fighters must be fairly tried in court for their crimes.

14. Our tourism industry provided around 12% of our overall GDP prior to the attacks in Bardo and Sousse, and it has yet to recover fully. U.K. travel guidance remains in place recommending all but essential travel to the country, and we hope that this decision will be reviewed in light of the strong structural reforms recently made to our security services, including new anti-terrorism legislation. Perversely, despite the logical decision to review U.K. travel guidance to Tunisia, we fear this sort of decision may in fact entrench extremist ideology in the region, as those left unemployed as a result of Tunisia’s declining tourism industry provide an easy recruitment target for extremists.

Role of the international community

15. In an increasingly globalised world, we must recognise the changing nature of the threats we face. Many of today’s challenges no longer respect notions of traditional state sovereignty. In this modern world we need multilateral agreements and international cooperation more than ever in dealing with issues such as transnational organised crime, global warming, terrorism and mass migration. No country, regardless of the strength of its democracy would be able to contain a single of these issues unilaterally. As a newly transitioning democracy, Tunisia is working closely with our regional allies to ensure these transnational issues do not jeopardise the progress made since our revolution. It is imperative that we retain the levels of stability that saw Tunisia labelled as the success story of the Arab Spring. To this end we can provide an example of the compatibility of Islam and democracy, something greatly needed in the region.

16. Tunisia is on the frontline of these global issues given its geographical location as a bridge between Europe, Africa and the Middle East. As the situation continues to deteriorate in Libya, the region urgently requires renewed efforts to resolve the crisis and counter the spill over effects of transnational terrorism in particular. The international community can do far more to address and reduce the suffering of some of the world’s most vulnerable people if it is willing to intervene early. The situation in Libya is therefore the most pressing area from our perspective, as it has the
potential to become a protracted civil war unless a political solution to the current stalemate can be found.

17. Tunisia, alongside our regional allies, is working tirelessly to arbitrate between the various groups best placed to resolve the crisis in Libya. To this end, consensus is key. It is crucial that as broad a range of stakeholders are involved in negotiating a framework for moving forward, just as Ennahdha sought to govern by consensus during its terms in office. Only this can lead to the formation of a political solution to the stalemate. In order for this vision to be realised, all parties, regionally and internationally, must work in coordination and put the stability of Libya ahead of their geopolitical ambitions. Ennahdha fully supports the Tunisian President’s initiative for the Libyan crisis and we are supporting all efforts to make the initiative a success. It is imperative that the civil war is prevented from spreading to the Tripoli area, which houses around a third of the Libyan population. If this happens, the already bad humanitarian crisis in the country will reach catastrophic levels.

Closer trade relations with a post-Brexit Britain

18. With the UK leaving the EU there are numerous trade opportunities between our two countries across a host of sectors, most notably technology, phosphate, and olive-oil industries. Late last year Tunisia hosted the Tunisian 20/20 International Investment Conference, an event intended to increase foreign direct investment, showing investors the opportunities available across the country. This was a very well-attended by representatives from numerous countries and saw a number of significant announcements on increased investment being made. The timing of the conference coincided with the ratification of a new investment code, which will substantially ease entry into the Tunisian market for foreign investors. The new law gives foreign investors greater flexibility to transfer funds, including profits, out of the country, and removes taxes on profits of major projects for the coming 10 years. An investment fund will also be established which will help finance infrastructure projects and funding to help investors launch projects in marginalised areas of the country.

19. Indeed, Tunisia lies on a number of strategic fault lines, and can play an important role in providing a bridge between Europe and Africa. Tunisia already has a number of trade arrangements with its neighbours, including special arrangements with the E.U. Tunisia has amongst the highest literacy rates in Africa, a large middle class, a young, gender-mixed, well-educated and skilled workforce that are eager to work. Tunisia has the potential to be an economic powerhouse in North Africa, but we continue to need support from our friends and neighbours to realise this ambition.

20. The U.K. has played a strong and important role in working with various actors in Tunisia to facilitate our political transition, helping improve government communications, reform our security services, and strengthen our civil society. Through institutions like the British Council and the Westminster Foundation for Democracy, Tunisia has benefited from U.K. expertise in a range of areas. Through institutions such as the British
Council specifically, there are exciting opportunities in encouraging English language uptake amongst young people living in Tunisia. Indeed, the student population in Tunisia is hugely diverse, with large numbers of students from about 25 Sub-Saharan African countries currently enrolled in the country. We would also be keen to strengthen our relations with British universities, and bringing franchise models to Tunisia could be an excellent step not only for Tunisians but also for the many foreign students who come to study in our country, creating a regional hub for UK universities. Tunisia has certainly benefited from various international development funds, and we hope this support will continue in a post-Brexit business environment. Greater clarity on how to deal with new ministries such as the Department for International Trade would also be hugely beneficial in order to facilitate closer business ties.

21. We would also be keen to encourage further investment from companies already operating in Tunisia. For example, British Gas was one of the largest investors in the country and we need to work harder in encouraging renewable energy and offshore investment in this sector. British companies can therefore play an important role in this area.

Changing geopolitical landscape

22. Ennahdha recognises the increased activity of Russia in the MENA region. As its neighbour, we are especially conscious of the situation in Libya and the Tunisian Foreign Ministry has been working closely with our Algerian and Egyptian counterparts to facilitate dialogue between the various power brokers in Libya. Just in the same way as Ennahdha sought to govern through consensus, it is imperative that the Libyan Political Agreement (LPA) involves as broad a range of voices as possible, including key stakeholders. In this respect, the Russian attempt to bring people to the negotiating table is a positive one, providing it is carried out within the framework of the LPA outlined by UNSMIL. It is imperative that Libya becomes a governable state as quickly as possible, and we hope that the various actors involved can put aside their regional geopolitical ambitions in pursuit of stability and the interests of the Libyan people.

23. On the inauguration of a new U.S. administration, Ennahdha hopes that Tunisian and U.S. relations can build on the strengthened relations seen under the previous administration. We also hope that the Trump Administration will take on the issue of Libya as a priority whilst respecting the various nuances in categorisations such as “Islamist”, “nationalist” and “secular”. As a party of Muslim Democrats, it is imperative that the term “Political Islam” does not become a catch-all term for a widely varying array of political actors. Regional nuance must be appreciated in order to avoid alienating important partners.
Mr Tarik Kafala, Controller, Language Services, BBC World Service (QQ 72-100)

Transcript to be found under Dr Ahmed Al Hamli
Dr. Bassam Fattouh, Director, Oxford Institute for Energy Studies – Written Evidence (MID0011)

Question: Is the hub role of the Middle East as the world’s major fossil fuel energy source coming to an end, and what will that do to the politics and economies of the previously oil-rich states? Can they diversify without further instability?

1. The Middle East is by far the most important region in terms of proved oil reserves. In 2015, the region held 803 billion barrels, accounting for more than 47 per cent of the world’s proved oil reserves.\(^{101}\) In 2015, the Middle East produced 30 million barrels per day (mb/d), accounting for around a third of the world’s total production.\(^ {102}\) While in 2016 supply growth fell in most parts of the world following the decline in the oil prices since 2014, OPEC Middle East supply (that produced by Saudi Arabia, Iraq, Iran, Kuwait, UAE and Qatar) grew by more than 1.4 mb/d.\(^ {103}\) Unlike many other oil-producing regions, the Middle East exports the bulk of its oil output, and thus the region still has a dominant position in the international trade of crude oil, although increasing domestic consumption has affected the export capability of some countries. In 2015, the region’s crude exports to the rest of the world reached 879.6 million tonnes, constituting more than 44 per cent of the world’s total imported oil.\(^ {104}\) For some regions, such as Asia-Pacific, crude imports from the Middle East account for 66% of their total crude imports.\(^ {105}\) The world’s available spare capacity has historically been concentrated in Saudi Arabia, which has allowed the country to act as a swing producer, filling the gap at times of oil supply disruptions. However, with the Kingdom producing at levels above 10 mb/d recently, the available spare capacity has declined over time, especially when measured as share of global oil consumption. The Middle East’s reserves are also among the cheapest in the world to find, develop, and produce. The wedge between production cost and price in international market generates high rents for oil-rich countries that are recycled through the international financial markets. In contrast to most other regions in the world, the Gulf Cooperation Council\(^ {106}\) (GCC) producers maintained their investment in the upstream sector despite the decline in the oil price and are on track to achieve their ambitious plans of increasing productive capacity, thus reflecting their long-term horizon.

2. Given the region’s key position in the global oil market, the security of oil supplies from the Middle East has been key in oil-importing countries’ energy policies. In addition to their high level of dependency on such a strategic resource, an underlying security concern for oil importers is that the regular flow of oil may be subject to physical disruptions. Over the last

\(^{101}\) The BP Statistical Review of World Energy.
\(^{102}\) The BP Statistical Review of World Energy.
\(^{103}\) Energy Aspects database.
\(^{104}\) The BP Statistical Review of World Energy.
\(^{105}\) The BP Statistical Review of World Energy.
\(^{106}\) The GCC states are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and UAE.
Dr. Bassam Fattouh, Director, Oxford Institute for Energy Studies – Written Evidence (MID0011)

few decades, the region has witnessed wars, civil conflicts, invasions, and revolutions which resulted in large losses of oil output. Depending on its nature and its size, a disruption in oil supplies from a key Middle East producer will most likely result in higher and more volatile global oil prices and a scramble for barrels by importing countries, with potential adverse consequences on the global economy and consumer welfare. But it has not been all bad news when it comes to the security of Middle East oil supplies. The core GCC producers (Saudi Arabia, UAE, Kuwait) in particular continue to act as a reliable supplier of oil to global markets. Furthermore, in many instances Saudi Arabia played the role of a swing oil producer, increasing supplies to absorb supply shocks from within and outside the region.

3. From resource-rich countries’ perspective, oil is a crucial resource, which is key to their political, economic, and social stability. Despite efforts to diversify their economies away from hydrocarbons, the oil sector remains the engine of economic growth and development. Oil exports not only generate most of the foreign receipts and government revenues needed to meet import requirements, to implement key developmental and social projects, to diversify and industrialise their economies, and to create employment opportunities for the hundreds of thousands of workers entering their labour markets each year. Given the dominance of the oil sector in their economies, Middle Eastern producers are also vulnerable to episodes of physical disruption and oil price instability, especially when compared to the more diversified economies in the OECD.

4. According to most projections, the Middle East is expected to play a key role in meeting medium to long-term global oil demand growth, most of which is projected to originate from non-OECD Asia. Meeting this demand requires that key Middle Eastern producers maintain a stable political, regulatory and investment environment and a well-functioning and adequately funded sector to expand output capacity and maintain or even increase export levels. Political instability, lack of security, a weak regulatory and investment environment, and sanctions imposed by Western powers will undermine producers’ capabilities in expanding output capacity. Lower supply growth from the Middle East implies increasing reliance on higher-cost producers with a limited reserve base and therefore potentially higher oil prices to clear the market and encourage investment in higher-cost areas.

5. The change in oil demand growth dynamics towards non-OECD Asia implies that there will be greater interdependence between the Middle East and Asia, which will be reflected in stronger economic and energy ties and perhaps in new strategic geopolitical alliances. On the supply side, the price collapse of 2015-16, and the close cooperation between Russia and OPEC (particularly Saudi Arabia), signify the growing interdependence between OPEC and the other producers. The wider interdependence between OPEC and other producers culminated in an agreement in November 2016 to cut the production of OPEC member countries by 1.2 mb/d and eleven Non-OPEC countries by 0.58 mb/d, led by Russia with 0.3 mb/d. While the West has become less relevant in shaping these

increased interdependencies, the rapid rise in US shale supply has been an indirect but influential factor in increased interdependence.

6. The rapid growth in US shale has generated a powerful supply shock and has fundamentally changed global crude oil trade flows. Relative to other sources of non-OPEC supply, US shale supply is more responsive to price signals given the short-term investment cycle and the low capital intensity of projects. Furthermore, US shale producers have achieved massive efficiency gains, which have placed them in the middle of the oil cost curve. But US shale is only a small part of non-OPEC supply and constitutes just one of the various sources needed to meet the expected oil demand increase, and cannot continue to grow at current prices. The current downturn has shown that at prices below $50/barrel, the output from key shale plays such as Eagle Ford and the Bakken have declined sharply and US output overall has fallen markedly from its peak in April 2015. The IEA projects, in its New Policies Scenarios, that US shale output will contribute the most in terms of growth between 2015 and 2030, but for US shale production to then fall between 2035 and 2040. Overall, the change from US shale between 2015 and 2040 is expected to reach 2.1 mb/d. In contrast, the change in Middle East OPEC output during this period is projected to reach 8 mb/d, with most of the increase coming from Iran, Iraq and Saudi Arabia. In short, despite the US shale revolution, the Middle East will retain its key importance for oil markets both in the medium and long term, especially in a low price environment. But the shift in the supply curve due to the US shale or other supply shocks has had the effect of reducing the oil price and lowering the revenues for key Middle East oil producers. The relatively elastic US shale supply curve adds further complexity to producers’ efforts to manage the oil market and to achieve a higher oil price given that the cost of US shale has declined to below producers’ break-even fiscal costs.

7. Thus, the two main immediate issues facing key oil exporters in the Middle East are whether the current decline in revenues is temporary or structural and whether their economies can adjust to a lower price environment. Regardless of the issue of whether the oil market has been subject to structural shocks and whether the world has entered the ‘new oil order’, there is general consensus that oil prices can’t be sustained at $100 for long and that it is in the long-term interests of Middle East producers with large reserve bases to avoid prices spiralling on the upside as high prices will generate strong demand and supply responses and accelerate oil substitution policies and change in consumer behaviour.

8. In response to the decline in oil revenues and deteriorating fiscal positions, key Middle East producers have been forced to adjust their economies through implementing various measures, with each being different in its relative ease of implementation. These include reducing employment in the public sector and boosting non-oil sources of revenue, such as increasing administrative fees, introducing land taxes, rationalising government expenditure by reducing current expenditure, cutting energy

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108 In 2015, US shale constituted less than 10% of non-OPEC supply.
110 IEA, 2016 World Energy Outlook. The IEA’s projections of tight oil production are highly sensitive to oil prices and resource availability.
Dr. Bassam Fattouh, Director, Oxford Institute for Energy Studies – Written Evidence (MID0011)

subsidies, and scaling back capital projects. These adjustments have been painful and have resulted in the slowdown of their economies, particularly within their private sector. As with the case of the impact of oil prices on the breakeven price of shale, these measures have lowered the budgetary breakeven price of those producers, thus reducing their vulnerability. The measures implemented so far, however, have not been sufficient to address the fiscal challenge, and more measures are on the way. While the key GCC oil exporters have built strong fiscal buffers, these have been eroded over time and are ineffective in dealing with structural shocks.

9. The above adjustment and reform measures suggest that the implicit social contract between the ruling families and the citizens (in which the state has the privilege and responsibility to extract, manage, and trade the country’s hydrocarbon resources and then to distribute oil rents in various forms, including public employment and provision of cheap goods and services) is not as rigid as originally perceived. Contrary to conventional wisdom, the social contract has proved to be sufficiently resilient to accommodate the limited reforms seen so far. The public has been surprisingly accepting of broader structural reforms and austerity measures, including cutting public sector employment allowances and increasing domestic fuel and electricity prices though from a very low base. This can be explained by a combination of low oil prices, fiscal pressures, concerns about economic inefficiencies and long-term fiscal sustainability, the inability of societies to form independent and effective political opposition, geopolitical dynamics, intra-regional rivalry, the fear that the chaos in neighbouring countries can spread to their own countries, and the absence of any credible and realistic alternative to the current regimes. The growing demographic pressures and the increasing number of entrants to the labour market, have also lowered citizens’ expectations and contributed to the acceptance of reforms.

10. However, despite its strength thus far, the social contract may not prove sufficiently resilient to accommodate further sharp price increases, faster and deeper structural reforms, and currency devaluations without the governments introducing compensatory schemes to offset the negative impact on welfare. Therefore, governments may become more constrained in their choices as reforms accelerate, especially given that there is still a strong sense of entitlement among the citizens of the hydrocarbon-rich countries. Backing down on current reforms raises the risk of worsening the fiscal situation and undermining these countries’ macroeconomic stability, while pushing for deeper reforms raises the risk of wide popular opposition and erosion of regime credibility and legitimacy. Therefore, navigating through reforms is a delicate task that may be subject to many bumps on the way. Poor reform management and weak governance structures can erode the credibility of ruling regimes and increase the risk of social unrest, but past experience shows that the ruling families have muddled through prolonged periods of low oil prices and they can survive few setbacks on the way, especially in the absence of credible organised opposition groups and the existence of a well-entrenched patronage system built over many years.

11. But the failure to adjust to lower prices could have repercussions on the political, social and economic stability of some key oil exporters, with direct and indirect impacts on their energy sector, energy policy, and their
capability to invest and increase their productive capacity. In a worst-case scenario, this may even result in supply losses if adjustment measures and reforms result in social and popular unrest and increased insecurity. In case of a large supply loss, crude stocks will draw fast and prices could sharply increase. In other words, the developments in global oil markets are closely interlinked with the reform and adjustment process in key Middle East oil exporters. There is fundamental internal inconsistency in a scenario based on low oil prices (as implied by the ‘New Oil Order’), higher investment requirements from the Middle East to meet rising global oil demand (as implied by the IEA World Energy Outlook), and rising political, social and economic instability due to the failure of key oil exporters to adjust their economies to lower oil revenues (as implied by many political analysts).

12. One scenario in which Middle East oil becomes less relevant is if global oil demand falls due to technological advances in the transport sector, change in consumer preferences, and/or climate change or energy security policies aimed at substituting away from oil.\textsuperscript{111} But even in a world of falling oil demand, the Middle East can continue to compete as it is the cheapest source of supply, and rather than reducing their dependency, importers’ reliance on Middle East oil supplies can actually increase. In such a world, oil revenues would decline as the increase in the Middle East’s share of the global oil market will not be enough to compensate for the decline in the oil price. The increase in dependency of importing countries on Middle East oil would be less of an issue, as this would reflect higher dependency on a declining commodity with low strategic value.

13. In a scenario of structural decline in oil demand due to climate change policies or the penetration of electric vehicles and rapid changes in transportation dynamics, Middle East oil exporters would have limited options. Producers can decide to cut output and increase the oil price and try to capture larger share of oil rents while they can. High oil prices, however, increase the pace of demand reduction, induce government to accelerate their substitution policies, and would encourage supply growth in other parts of the world. Another option is for producers to accelerate their investment and increase output (get as much as out of the ground as possible) to put downward pressure on the oil price to drive out higher-cost producers and induce a rebound in global demand. But such a strategy has a limited impact in terms of increasing revenues; the increase in market share will not compensate for the lower oil price and oil demand may not increase in response to cheaper prices, as the impact of government policies on demand may be stronger than the impact on oil prices.

14. In face of structural decline in oil demand and oil revenues, oil exporters have no option but to diversify their economic base and revenues away from oil to ensure a long-term sustainable growth and development path (this is a key issue for Saudi Arabia and Oman but less so for Kuwait and the UAE). Diversification, if successful, would also allow for a more flexible oil policy and long-term energy strategy planning. This has long been

\textsuperscript{111} This is not the baseline scenario in many projections. For instance, in the IEA’s New Policies Scenario, oil demand continues to grow annually between 2015 and 2040, though at a slower rate than historical averages.
realised by all key exporting countries, as reflected in development plans from the 1970s and 1980s which centred on diversification, building human capital and promoting the role of the private sector and small and medium enterprise, but with limited success so far. In the current environment of heightened uncertainty and a lower oil price, there has been an increasing realisation among governments that the status quo is not sustainable and reforming the economy is a must in achieving long-term sustainability. This explains the increased sense of urgency to introduce new economic visions and transformational programmes such as Saudi Arabia’s Vision 2030. But even with such ambitious programmes, revenue from the oil sector is the main enabler of reforms, as it allows the government to invest in human capital and non-oil sectors and allows the government to mitigate the impact of structural reforms on low-income households to ensure a smooth transition to a more sustainable economy. The energy sector could also play a key role in diversification efforts through the extension of the value chain, by investing in refining and petrochemicals and establishing new related industries such as plastics—a strategy that had a limited success so far.

15. Thus, the question of whether the role of the Middle East as the world’s major fossil fuel energy source is coming to an end depends to a large extent on the future role of oil in global economy, as well as the relative success of the countries of the region in diversifying their economies away from oil. While the jury is still out on the question of whether the world is approaching ‘peak oil demand’ any time soon, the impact of the reforms and adjustment measures on the reliability of output supplies, investment in the oil sector, and the region’s role as the swing oil producer will continue to be key as long as hydrocarbons remain the major primary energy source. Thus far, almost all projections still hold to this premise, whether in a carbon-constrained scenario or otherwise. Incorporating the premise of nearing ‘peak oil demand’ in the policies of oil-rich countries could lead to different output policies, investment patterns, and ill-advised diversification policies, which could impact future supply security in case such peak is delayed until further in the future. It will also result in the reconfiguration of existing geopolitical alliances. For instance, many view oil as underpinning the special US-Saudi relationship, and therefore in a falling oil demand scenario, expectations that oil demand will peak soon or that the US will achieve energy independence could erode the foundation for such a special relationship. The reconfiguration of such alliances is already taking place and could accelerate, especially if the West approaches the Middle East from the energy lens only, and if the incorporation of the premise of peak demand results in policies that are based on misguided assumptions that overestimate the role of non-hydrocarbon fuels in the future energy mix and the speed of transition to a low-carbon economy, underestimate the cost of such a transition, and underplay the role of key Middle East oil exporters in meeting future oil demand growth.

Submitted 13 January 2017
Wednesday 22 February 2017

2 pm

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).

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
Mark Fitzpatrick, Executive Director, International Institute for Strategic Studies (QQ183-189)

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 you are breaking up a bit. 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
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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 manifold. After all, if they were to choose to say that the agreement was 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.

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 would 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,
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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. All 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.
Mr Tom Fletcher CMG, Former UK Ambassador to Lebanon (QQ172-182)

Wednesday 22 February 2017

10.45 am

Members present: Lord Howell of Guildford (Chairman); Lord Grocott; Lord Hannay of Chiswick; Lord Inglewood; Lord Purvis of Tweed; Lord Reid of Cardowan; Lord Wood of Anfield.

Evidence Session No. 15 Heard in Public Questions 172 - 182

Witnesses

I: Mr Daniel Levy, President, US-Middle East Project.
II: Mr Tom Fletcher CMG, Former UK Ambassador to Lebanon (via videolink)

Examination of witness

Mr Daniel Levy.

Q172 The Chairman: Thank you very much for coming before us this morning. You and I have met before and have had fascinating conversations in the past. Now we want to share more of your wisdom on aspects of the issues we are discussing. The Committee is looking at a rather broad canvas: the changing structure of power in the Middle East. The Arab-Israeli and Israel-Palestine issues are obviously a central part of this, as they have been all along, but there are all kinds of new currents running. This is where we want you to share your thoughts on how these could be affecting the scene.

To start from the daily newspaper angle, out of Washington have come suggestions that the new President is not so keen on the two-state solution. Then it turns out that this may, after all, be fake news and he did not really mean what he said. There is a slight feeling that after years of relative deadlock, there may be some new aspects to look at and alternative approaches. If so, what would they be, in your view? It is very puzzling for us.

Daniel Levy: Thank you for inviting me to be a witness before the Committee. The attempts to portray the new Administration as radically different might be premature. The attempts afterwards to suggest that this Administration was more or less going to be in the groove of all previous Administrations might also be premature. What I see out of Washington so far—it is early days and they do not have the full team in place—looks a bit to me like more of the same but less, with a couple of caveats.

The United States is clearly the unique player that could have the leverage to move Israel in a direction towards ending the occupation and getting two states, should it so choose. It has chosen not to do so in the past. That has cut across different Administrations, Presidents and parties for reasons that are manifold and certainly connected to domestic American politics. If this Administration are going to be about trying to achieve a similar result but with even less willingness...
to assert themselves and to push the parties—in this respect the Israeli party in particular—I do not think there is much prospect of things happening.

There are two potential caveats to mention at this stage. In response to President Trump saying, “Two states, one state. I thought two states would be easier, but I’ll go with whatever the parties prefer, whatever Israelis and Palestinians can agree to”, most of the commentariat has suggested that that was rookie unfamiliarity with the complexities of the conflict, which may well be the case. There is another way of interpreting it, which I will share with you—I am not sure I agree with it. This could have been unintentional, but it becomes significant. There are not many ways to grab the Israelis’ attention and drive a different debate in Israel. There is one that I think we all want to make sure will not happen, although if things stay the same there is an inevitability to it, which is violence. Another is a kind of sanctioning that would cause the Israelis to say, “Okay, there’s a cost to these settlements, to this occupation. Maybe we have to make the choice that we have thus far sought to avoid and decide what will be the fate of these territories”. But there might be a third thing that can grab Israelis’ attention, which is if they feel they have the possibility of a one-state outcome, having made it so difficult to achieve two states, for many Israelis that victory would also be a defeat, because they do not want to have one shared democratic space with the Palestinians. It could be that by elevating these two options you let loose a much healthier debate inside Israel.

Paradoxically for Prime Minister Netanyahu, the fact is that if you see an Administration who appear to run to his right and almost to align with his more hard-line coalition allies, that could be a headache for him, not because he necessarily disagrees with them in long-term strategy, the position of which is to prevent Palestinian sovereignty and a genuine Palestinian state predicated on de-occupation and ending Israeli control. But the tactics differ greatly.

I think Netanyahu’s tactic is to continue to suggest that they are ready for peace while making the conditions impossible and making the realities on the ground ever less amenable to two states. His opponents in his party want a different tactic, which is perhaps the majority of his parliamentary party and certainly includes important coalition allies such as the Jewish Home party, have a more triumphalist position: “We have won. There will not be a Palestinian state. We even have an ally in Washington now willing to contemplate this outcome. Therefore, let’s get on with it”. Their position is to annex formally more and more of the territory. There are different plans as to how one would do that. In a way, if the Trump Administration stick to this line and say, “You guys decide. Do you want two states or one?”, it could lead to that argument coming to the fore in Israel and for those who believe in one state to further lose their restraint in making that case. It could lead the two-state camp to have a bit of a re-emergence. You do not have an opposition owning the two-state alternative in an assertive way. Maybe this will come full circle. I just put that out there as one way of seeing President Trump’s comments as a bit of smart disruption, rather than flailing.

The other idea that people are kicking around, which I do not think is new and I do not think will get us anywhere on the Palestine issue, is this notion of what people have called “outside in”. Previously the idea was that if the Israelis and Palestinians could reach a deal, that would pave the way to a whole set of relations between Israel and the Arab world that are impossible to advance in the open in the absence of progress or peace between the Israelis and the
Palestinians. The idea that is talked about more now than in the past is that, with the shared antipathy to Iran, with priorities having been recalibrated on that front and others, and with Israel having closer albeit still quiet relations with key Gulf states for instance, perhaps by building this outer envelope of relations you can create the reassurances that allow the Palestinians to be part of a larger package deal. That has been tried on and off for the past several years. It was something Senator Mitchell tried when he was special envoy; it was something Secretary Kerry tried. Information even came out last week about a summit held last year in Aqaba, Jordan, where this approach was tried.

Personally, I think that something else is going on, which is that the Israeli side is testing the hypothesis of how far they can go in their relations with certain Arab states without having to concede anything on the Palestinians. That is the game that is really in play here. I think the Prime Minister of Israel feels that he has perhaps managed to go further than he imagined he might be able to, and perhaps with some support from Washington he wants to test how much further he can go. I think that will come up against real limitations; there will only be so far that countries in the region can go if there is a continued impasse on the Palestinian front.

**The Chairman:** But does not all this new thinking come up against the single concrete block that, for the Palestinians, nothing less than a separate Palestinian state will do? This has been their central mission, one hope and absolute objective all the way along. Maybe other Arab countries take a more relaxed view, but is anything going to move that basic Palestinian view? Therefore, can anything move in the direction of any of these new thoughts?

**Daniel Levy:** Of course, the original Palestinian national movement had as its position a secular, democratic state in all historical Palestine. The PLO formalised the adoption of two states only in 1988, and it accepted a Palestinian state on 22% of historical Palestine along the 1967 lines. That has now taken root as very much the unshakeable position of this generation of Palestinian leadership. They have staked everything on achieving Palestinian statehood along those lines. There is no suggestion that this generation of Palestinian leaders is going to change.

One has to appreciate that there is a deep nationalism on both sides of this equation. The Israelis are deeply nationalist about the idea of a Jewish state. For the Palestinians to have gone on this journey and never to realise a moment of Palestinian self-determination is a problematic leap of faith for them to make. However, if one speaks to the younger generation of Palestinians, there is an increasing almost giving up on the idea that much is to be gained by continuing to pursue a state. They do not believe that they will ever really have a sovereign state, so among younger Palestinians there is increasing traction for the idea of a civil rights struggle. This summer, Israel will have been there for 50 years—it is 50 years since the 1967 occupation. The Israelis are clearly not going anywhere; none of these settlements are going anywhere. The Palestinian Authority have not made a fantastic fist of self-governance—not that the conditions were fantastic for the Palestinian Authority—so why not? Perhaps a potentially more successful struggle would be the struggle for equal rights: “The Israelis are here, they are not going anywhere, so give us the vote”.

If I look some years beyond the horizon, I think we will reach a moment when the Palestinian national position tips over into equal rights in one state, because two states will seem so impossible to achieve on the ground. The kinds of
conditionalities that the Israelis would build into it would be so unattractive. Factor in one other thing: we are focusing on the Palestinians in the territories themselves, but the Palestinian body politic—the organs of the PLO at least; not of the Authority, which is just on the ground in the territories, but the organs of the larger national movement—is constituted by representatives of the diaspora. For the diaspora, that goal of a limited state on just 22% was never that attractive when the PLO made that switch in 1988. This goes back to my original point that, for the Israelis, the one thing that shakes them out of the attitude of, “We don’t have to choose. We can have our cake and eat it”, is the real threat of a civil rights struggle.

**Lord Hannay of Chiswick**: Could you say something about the Israeli Arabs, who you have not factored into this? Presumably, particularly in the circumstances you are suggesting and in the direction you suggest the debate might be moving, they will become somewhat more important, not as a separate factor but presumably in a single state in which the Palestinian citizens have equal rights. The political dynamics would then become completely different, because the two populations, the West Bank and Israel, are now roughly, if I understand it rightly, even-stevens; they are 6:6, I think. Could you comment on that?

**Daniel Levy**: That is a very important point. Just under 20% of the population of Israel as recognised on the 1967 lines is Palestinian Arab. One of the leading Palestinian-Arab members of the Knesset, Ahmad Tibi, has this very acute phrase: “If you continue to stay there and if one implements the plans of the far right of one greater Israel, it will be Tibi, not Bibi, who is Prime Minister, because I’ll have the votes”. By the way, the Israeli President, President Rivlin, is on record supporting one democratic state. For him it will still be a Jewish state. He has not yet wrapped his head around what it means if the numbers are equal. Those numbers, by the way, are equal if you include Gaza, and there is a strong sense in Israel that disconnecting from the two-state option is also about pushing Gaza on to a very reluctant Egypt—that Gaza is ultimately Egypt’s problem, not Israel’s, and is not part of the overall Palestinian situation.

The Palestinian Israelis have become more part of the Palestinian political mix in recent years. The PLO always represented all Palestinians, except those within Israel. That has always historically been an interesting anomaly, but there are increasing connections between those political blocs. In the last election, following a change in electoral law—Israel has a pure proportional representation system—the electoral threshold for getting into Parliament was raised in such a way that it looked as though three different Arab parties represented in the previous Knesset would not make it. In fact, many people attributed the whole rationale behind raising the threshold as trying to keep those parties out, given the party that brought forward that legislation. They came together in what was a very politically tricky move, but they formed something called the Joint List. This made quite an impact on the Israeli scene, but also beyond on the Palestinian scene because it meant that Islamists, communists, nationalists and democrats were all in one party bloc. This happened, of course, at a time when the Palestinian political division between the nationalist Fatah and the Islamist Hamas was still as intense as ever. This was seen as a very positive signal.

The bottom line is that, yes, it would change their reality totally. They have become a more important player in the overall Palestinian political mix. They are largely ignored. The other thing that is important to note is that, like the rest of
the Palestinian community, they are divided on this question. For some in the Arab community inside Israel, a two-state solution is absolutely the right way forward—they should be a separate Palestinian state. The positive scenario is that if you are in a reality that has gone beyond occupation, where Israeli-Arab relations have become much more normalised, their existence as citizens in Israel will become more normalised. Then there is a cohort within that community for whom one state is the obvious way forward and the only way they will ever really achieve full equality.

**The Chairman:** I have one further question on the US attitude to all this. Do you think that in his ruminations President Trump has the support of the traditional pro-Israeli lobby in America, which has always been regarded as hard line, with one or two deviations? I remember getting into a taxi in New York and the taxi man saying that Israel was their front line. Do you think that President Trump, with a son-in-law apparently assigned to look after this in particular, is now sensing that there is room for movement on the American side?

**Daniel Levy:** More movement in what respect?

**The Chairman:** In opening up this issue.

**Daniel Levy:** President Trump poses a real dilemma for the whole functioning of pro-Israel politics in the American Jewish community in the following way. Traditionally, the Jewish American community has overwhelmingly voted Democrat, which did not change this past November. It is ordinarily a 75:25 split, which, for the last three decades plus, has changed very little. But President Trump is far more of an anathema to a large swathe of the American Jewish community than previous Presidents. When Prime Minister Netanyahu endorsed Trump and his team as the greatest friends of the Jewish people and the Jewish state, that played incredibly badly with a large cross-section of American Jewry, for whom the alt-right phenomenon and Steve Bannon are a real problem. The closer Trump and Netanyahu appear to be, the greater the potential fissure between that community and Israel. In an unprecedented move, the largest denomination in American Jewry, the reform stream of Judaism, has come out against this chap David Friedman for the position of American ambassador to Israel.

In a way, AIPAC, the main lobby, is a little nervous, because the great success of the pro-Israel lobby has been its bipartisan nature; its ability to carry both parties on a set of positions that centred around—no surprises—solid support. You do not do too much to cross any Israeli Government of the day. That has become much harder to do after the taking of office of the new Administration. It had already become harder under the previous Administration when Netanyahu was playing ever more transparently in the domestic American political sandpit over the Iran deal. I might be extrapolating too far, but that is something to look out for on the horizon that might not survive four to eight years of this presidency.

**The Chairman:** Let us turn from the US to the UK.

**Lord Grocott:** Your observations are absolutely fascinating. I would perhaps like a slightly broader timescale perspective on how the diplomacy and the international relations of Israel have changed and moved over the last 30 or 40 years. A number of our witnesses have taken the view, which I think is a pretty general view, that not only are settlements and the development of settlement activity bad for achieving a two-state solution,
but they are not very good news for the long-term security of Israel. I just wonder about your perception of this. Perhaps I am asking more about the perception in Israel. Certainly my political experience in Parliament here has been that there has been an inexorable shift from almost unqualified support and understanding of the Israeli position to one that is not quite at the other end of the scale but is certainly one of far more understanding of and sympathy for the Palestinians’ failure to obtain a state or even to stop the settlement activity. If I am right, is that a factor at all in Israeli thinking and foreign policy? I might be wrong, but if I am right it seems that, inexorably, world opinion has made Israel more and more isolated during this period. Is that right?

Daniel Levy: First, let me align myself with those who have argued that the settlements are more of a security burden than a security asset for Israel. One of the fascinating tensions in Israel today is between the political leadership and the security establishment. I will not bore you too much with the minutiae of the internal party primary systems on the Israeli right, but as the political leadership is seen to go ever more in the direction of doing things that appeal to an ever narrower cohort of primary voters and doing things that are ever more out there on the pro-settlement side—I do not know whether people noticed the Bill that passed a couple of weeks ago legalising essentially the theft of Palestinian private property, which by Israeli standards is a leap into uncharted territory—the security establishment is worried. It knows that unless you give the Palestinians some breathing space, some political horizon, including in Gaza, that makes its job of providing security for Israelis that much more difficult.

Nevertheless, Israel has gone on this political journey where the right finds itself very politically self-confident. I say that because the way Israelis have experienced the phenomenon that you described of the trajectory of UK politics in the last 30 years is as follows. They have heard the international community, their closest trade partners, those with whom they deal most often—in Europe, and in the US under the Obama Administration, previously under the Clinton Administration, and even at certain moments under Bush 43—expressing ever more anxiety over Israeli policies, and they have been told domestically, “Any moment now this will be painful. We’ll be isolated. We’ll have pariah status. This will cost us”.

However, the reality they experienced was that while the rhetoric escalated, the practical upshot of that international opprobrium was almost zero. Israel saw in its global relations that those who condemned settlements on Mondays and Wednesdays were expanding their trade, scientific, military intelligence, technology and sport co-operation with Israel on Tuesdays and Fridays. So it began to wear a bit thin on the Israeli public. Perhaps the exaggerated self-confidence and the overreach of the hardliners has now gone too far the other way and they now feel that the evidence is on their side and that it does not matter, because the world has a bark but not a bite. That is how it is experienced in Israel. For some, the argument is still made that, “You’re misreading this”, that it is the frog in the vat of boiling water: the temperature is going up incrementally, then eventually you are simply boiled and you will not have noticed.

The other thing that has happened at the same time, of course—it began with Oslo, but in the absence of progress on Oslo it has continued—is that Israel has expanded its world of connections. In Asia, Israel has good relations with Russia.
Israel was very careful not to take a position on the Ukraine and Crimea conflict. Despite the closeness to America, the Israelis did everything they could to avoid being at UN votes in the General Assembly, et cetera. Israel has quiet relationships with the Arab states, closer relations than ever with Egypt under President Sisi and very strong relations with Jordan. Although Israel cannot replace its relations with America and Europe, it has also diversified.

Lord Grocott: Following on from that, maybe this can be raised at the quartet, where Britain’s position will, of course, change post Brexit. What is your assessment of the effectiveness or otherwise of the quartet, and what position do you imagine Britain might usefully adopt—

The Chairman: If you do not mind, Lord Grocott, we will come to the quartet in a moment. You are quite right that it follows, but Lord Hannay wanted to ask a question.

Lord Hannay of Chiswick: I would like to follow up on the last thing that Lord Grocott said. British foreign policy will be formulated at some point in the future outside the framework of the European Union. Do you think it would be sensible for this country to follow the possibly extremely erratically meandering path of President Trump, clinging on, as closely as possible, to each of his zig-zags in the Middle East, which seems likely? Or, if the other Europeans dig in on behalf of the two-state solution and the Arab approach of however many years ago, where do you think the balance for advantages and considerations for the British Government lie?

Daniel Levy: I will take my lead from the phrasing of the question. It is not just that I do not think that Britain will cloak itself in glory if it adheres to those meanderings. I very much question whether that will serve the British national and security interests. It is easy to be reminded of this when it is 100 years since Balfour, but Britain has a unique responsibility when it comes to this issue. Much as other issues have dominated the headlines in the Middle East for the last half-decade at least, it would be a mistake to dismiss the notion that Palestine is still a rallying cry, still has an iconic meaning and is still pointed to as a very important and legitimate grievance in how the Middle East is treated by the West. Britain should not volunteering to put itself front and centre of a more problematic policy that takes its lead from Washington, even if it has the support of some of the regimes in the Middle East. At the popular level and among those who will use whatever tools they can to radicalise and recruit that should not be an excuse for not doing the right thing - but if it is also doing the wrong thing, that should certainly factor into one’s thinking.

For me, it is a bit of an “if” as to whether the Europeans can hold a line on this, because that is so difficult to do in the 28 collective when, to be very frank, it makes perfect sense from the Israeli perspective to make sure that a couple of EU member states are willing to do their bidding—and, in a way, credit should be given to the Israelis for managing to pull this off. Those member states can be more rightist central or eastern European that have perhaps bought into notions of a world Jewish conspiracy but that believe the Israelis can help them in some other ways. Sometimes they can help them practically. Recently it was the far-left Government of Greece who prevented a set of Council conclusions, because they had a particularly good gas deal that they were on the verge of securing with the Israelis. So it is hard to keep a solid European line, but if what one sees out of Washington is indeed a meandering, erratic, unhelpful, unconstructive, peace-negating position on this, I think Britain would be ill advised to align with
it. If we end up aligning with that at the UN, it will hasten what will in any case be question marks regarding our P5 status.

One thing I would draw to the Committee’s attention that I think will be an early test case for where Britain aligns itself was highlighted in the reports and official statements of the visit of Prime Minister Netanyahu to this country just two or three weeks ago. If indeed Britain is going to negotiate a new trade arrangement with Israel quickly post Brexit, will that adhere to the existing European position, which is that when one trades with Israel one trades with the Israel that is recognised internationally, not beyond the green line? In other words, no settlements, settlement products or anything that can legally benefit from free trade arrangements. Or is one going to do what the Americans are trying to push? Formally, that is also what the American trade arrangements with Israel say, but there is an attempt to muddy that and have what they call no discrimination against “Israel or the territories it controls”, which is not a very sophisticated euphemism for the settlements. Britain will have to make that choice. That will be an important early indicator.

**Lord Hannay of Chiswick:** But not for two years.

**Daniel Levy:** No. At the moment, Britain is playing a blocking role in the EU on this issue. Britain decided to take a very degrading, dismissive attitude to the Paris conference earlier this year. It was not going to bring peace, but I do not think there was a need for Britain to do that. Apparently that was at the behest of Washington. I am not sure that it earns us any greater respect in Washington when we prostrate ourselves in that way. Britain was a key player in blocking Council conclusions, because it lends weight. There is only so often that the Romanians and the Hungarians will go out on a limb on this issue in the Foreign Affairs Council; they have other fish to fry. But if Britain is there aligning itself with them, it is very easy. Britain did that. Again, I do not see why alienating our allies/negotiating partners for a hard negotiation for the next two years on issues such as this by going against our own established policy anyway is going to be a smart way to conduct ourselves.

**Lord Purvis of Tweed:** That is very useful. To come back to the point that Lord Grocott made, with all that context, including our Prime Minister’s criticism of Secretary of State John Kerry’s speech, and the fact that it is UK humanitarian development assistance that is keeping Palestinians alive not only in the West Bank but in Lebanon, as I saw when I visited the ANERA camps in Lebanon last year, what can the UK bring to the situation? Is there a perception that we have a clear intention behind our position, or is there a perception that 2017 is a write-off because of the sensitivities of Balfour and we do not want to be involved too much because it is just too sensitive for UK foreign policy?

**Daniel Levy:** There is a European centre of gravity in the E3—the Germans, the Brits and the French—which, if acting in concert, can convey a message that can matter. This year especially, I do not think that the question will be asked—in different circumstances it might have been—whether the anniversary of Balfour is the correct occasion for recognising a Palestinian state. I tend to think that if, in these circumstances, one wants to keep a two-state option viable not only on the ground but in people’s minds and on the cognitive map that people have of this conflict, one probably needs to do more than what has been done so far.

There was a period under the last two or three Governments in which Britain took occasional steps that were not game-changing but which helped push the
envelope. Britain was a leader in settlement product labelling, in putting out business advisory guidelines regarding corporate social responsibility and the risks of doing business with Israel in territories not recognised as Israeli and in business activities that were a violation of international law. Others have followed suit. So there are things that Britain could do to keep the notion of two states more salient.

The thing about aid to the Palestinians—the aid to UNRWA especially is very important—is that, in a way, it has become part of the fixtures and furnishings of the status quo. In a way we are now subsidising the occupation for the Israelis. The attempt to build a Palestinian authority as a state incubation project was predicated on making progress on having that state. The Oslo agreement stipulated that a final status deal had to be reached in five years. That was originally signed in 1993, but that particular implementation was in 1994. It expired in 1999. We are now 20-plus years into funding something that it is very hard with any credibility to claim is still building the apparatus of a Palestinian state when the ability to have that state is constantly undermined. At some stage there will have to be a rethink, and Britain could constructively be part of that rethink as an important aid donor, with the historic responsibility that it has, as a P5 member and as a country that is listened to in Israel.

Right now, the impression is that Britain is beginning to realign itself as a country that is basically saying to the Israelis, “Do what you like. You won’t have any problems with us, no matter how far you go in this relentless emaciation of the two-state option”. The thing to bear in mind is that the risk that the Israelis are taking, but that those who are going along with this are also taking, is that the relative ineffectiveness of the Palestinian leadership is a permanent given. It has to be recognised that they remain divided and have not really challenged the status quo in ways that are disruptive, which can be done non-violently. In what was described in terms of the politics here, it does not translate into the kind of constituency pressure that drives policy. However, I am not sure that that is a permanent given. We could see collapse and chaos when there is a Palestinian leadership transition, but something could also take its place that is far more challenging, including to the region, which is the other problem with taking this position. At the moment, for reasons of weakness but also because of the general situation in the region, you do not have a Palestinian leadership ability to embarrass the Arabs into doing certain things on the Palestinian issue, as Arafat used to be able to do. One should not assume that that is a permanent feature either.

Q174 Lord Reid of Cardowan: Thank you for your fascinating contributions. On the UK, the EU and Brexit, I take it from what you have said that the effect of the UK leaving the European Union, assuming Brexit goes through, will be to reduce what you called the blockage of a more critical EU position on Israel, because according to what you explained to us, Britain has certainly been perceived as being one of the blockages. Secondly, from the British point of view, it will no longer be part of the quartet, so what should the relationship be with the remaining European Union members on this subject after it has left?

Finally, you have stressed the dangers of the United Kingdom, in Europe or outside it, walking in the footsteps of the United States. What are the opposite risks and limitations of the UK following an independent policy from the United States?
Daniel Levy: Let me clarify something I said, which is that the UK acting as a blocker in the EU is of very recent vintage. The way it has played out recently is really a post-Trump phenomenon and apparently part of this ingratiation initiative. On a number of occasions, Britain was quite constructive in bringing an E3 consensus with France and Germany, or as a quint with the Spanish and Italians as well. Yes, you can always have one or two countries holding out and preventing something from being adopted, but, as I said, that is difficult to do month after month the FAC. Unfortunately, I do not think it will have a liberating effect. Britain playing the role it was traditionally playing will be lost. If Britain continues to play its current role, that is different.

The quartet is one of those creatures that has always had a lot more going for it in theory than in practice. On the very first occasion the quartet road map was introduced in 2003 or 2004, or even 2002, the Israelis refused to meet with the quartet as the quartet. It received the road map from the Americans. The Americans have seen the quartet as, “When it’s useful, we’ll be at it, but normally we do our thing, and if the quartet wants to endorse it …” So I am not sure that we lose that much by not being part of the quartet. The theory of the potential is still there. For the EUHR on recent occasions, the quartet has been a useful vehicle for getting more face time with the American Secretary of State than one would otherwise get, but it has not been used as much more than that, because you would not want to shake things up as you might lose that extra vehicle for face time. So I am afraid that I am relatively scathing about the quartet.

One of the interesting things about the quartet, and there is not much that is interesting about it, was the initiative that the French took. In the absence of anything else going on, the French brought forward an eclectic mix of countries, some of which have not been traditionally involved. So that is always an option, and it is an option for Britain outside the EU.

There will be things that Britain can allow itself to do outside the EU, should it so choose on this and on other issues, that are more difficult to do when one is in that club of 28. We are not a Norway or a Switzerland. There are things that the Norwegians and the Swiss can allow themselves to do through a kind of back-channel diplomacy that I do not think we would do. Do we revisit our position on contacts with Hamas? There is no indication of that, although I think that would be a wise thing to do. I do not think that we or anyone, including the Israelis actually, benefit from the position that has been taken on Hamas, but I do not think that is something that we are going to do. Nothing will prevent us, on any number of issues, from continuing to work with important European partners.

Lord Hannay of Chiswick: This question is about the salience of the Middle East peace process and the Palestinian issue in the wider region. Perhaps up to a few weeks ago, the argument was that the salience had virtually disappeared and was not terribly likely to come back again; and partly because of the chaos in the Middle East and partly of the failure to make any progress on the Middle East peace progress, one would have said that that was the forecast. Could you comment on that and on whether President Trump’s policies, particularly the possible move of the embassy to Jerusalem, are oddly enough likely to make the issue more salient than
most of us thought it was going to be: i.e. exactly the opposite of what President Trump fully intends?

**The Chairman:** That is a big question. A short answer, please.

**Daniel Levy:** The short answer is that that is precisely why it is not very high on Prime Minister Netanyahu’s list of priorities. The Palestinian issue has declined in salience except for when it re-emerges. Given that it has not gone away, and given the nature of developments there, it is highly unlikely that it will not periodically explode in our faces if we do not do something about it. Those explosions might be more or less dramatic and carry more or less consequence and regional drama with them, but I would just go back to the point that if one assumes that the Palestinians are now permanently unable to mobilise and generate support in the region, that is one reality. If one assumes that that is not a given, that it is a different reality. I would assume the latter. I think that the Israelis in that respect are unfortunately sometimes their own worst enemies, because they are always likely to generate a totally preventable crisis by overreach, by doing something egregious. The Jerusalem embassy has not moved thus far, and the indications are that it is not going to in a hurry. That is quite interesting in and of itself. You can imagine what has gone on in the security establishment in America over that.

**The Chairman:** Sadly, we are going to have to leave it there, with that thought about own worst enemies ringing in our ears. You have said many fascinating things. I should have said right at the beginning, but did not that, that this is a public session, there will be a transcript, and you will have a chance to change it as you wish later. All I can say now is that we would like to have another hour with you, but we cannot; we have a tight programme. We thank you very much indeed. We are most grateful.

**Examination of witness (via videolink)**

Mr Tom Fletcher.

Q176 **The Chairman:** Good morning, Mr Fletcher. I hope you can hear us here in the Committee. Are you getting some communication?

**Tom Fletcher:** Yes, thank you, you are clear.

**The Chairman:** Thank you very much for joining us this morning. We are most grateful to you. I am afraid that the communication system is not working perfectly. I hope all our words get through, but first, welcome. Secondly, I make the routine observation that this session is public. A transcript will follow afterwards and there is a chance for you to change it as you wish later. All I can say now is that we would like to have another hour with you, but we cannot; we have a tight programme. We thank you very much indeed. We are most grateful.

I begin with a broad question that you must have realised very closely, particularly during your time in Lebanon, where we met and talked several times. This is now a young Middle East. It is a vast region with more than half the people aged under 30. They are technologically mobilised with all sorts of old grievances coming to the fore. There is total
turmoil and chaos in parts. It is a world in which the old policies of the last 50 or 100 years are clearly becoming redundant and obsolete. What are the main lines of our new response to the situation swirling around us in the Middle East? How can we contribute to it in a really constructive manner? Give us some broad thoughts on that.

Tom Fletcher: Thank you very much for the chance to join you. The audio is coming through loud and clear. You are quite heavily pixelated at that end, but that is not a problem. If I may I will start from a slightly surprising angle, given I have written a book about the future of diplomacy and how diplomacy is being changed by technology. I challenge two of the words in the question: “obsolete” and “redundant”. I do not think that the way we have been doing diplomacy for 400 or 500 years is redundant. Many of the lessons that we can learn from the great diplomats in history about tact, resilience, courage and creativity are very much relevant to today’s Middle East and diplomacy. It is the tools that have changed, rather than the basic practice and craft of diplomacy.

But, as you say, technology completely shifts the nature of the terrain. What I found as ambassador in Beirut, but now living as I do in Abu Dhabi and spending a lot of my time in rooms with people much younger than me as a visiting professor at New York University, is that this is a very connected, networked generation. If we are to influence them as we need to, we also need to be part of that terrain. We need to understand it and speak the language in the way we learned to speak Arabic. Digital is a real battlefield. It is about not just taking on the really bad guys, the radicalisers of Islamic State and extremists, but appealing to that middle ground: the people who are at risk of radicalisation who may be curious about our approach and values, but do not always hear from us what we stand for. That is the group we need to reach in different ways. You have to use new technology to do that. As an ambassador, I found the smartphone was a superpower. It was a means of connecting with people in a way that our predecessors could never have done.

Q177 The Chairman: Thank you for that. I apologise: I was beginning by talking about the policy sweep when I used the adjectives “obsolete” and “redundant”. I fully accept your point that the arts and skills of diplomacy, even if empowered digitally, remain constant. There is no substitute for shared diplomatic skill. In a moment one of my colleagues will question you on that, particularly on your interesting book Naked Diplomacy: Power and Statecraft in the Digital Age, in which you have some very strong things to say on that.

Holding you on policy for a moment, the UK has spent 100 years worrying about Middle East oil, Middle East stability, the Palestine mandate, the need to contain somehow the potential Shi’ite-Sunni civil war—it is no longer contained; it is now exploding—and a whole variety of other issues, such as containing the old settlement with France, the Sykes-Picot line and so on. All that seems to have been swept away as we look at this new Middle East. Is that right, or are we getting too dramatic?

Tom Fletcher: The Middle East is not immune from the broader trends we are all experiencing; 2016 was a reminder of what those trends are—political uncertainty and distrust of traditional institutions and authority, and economic uncertainty and inequality, which the Middle East has in particular. There is a great concern about where the jobs will come from for the next generation coming through without economic growth. There is also a more existential
uncertainty about what new technology will do to us as humans, as society and as a community. They face those three great synchronised shifts in the same way we do, and they are also feeling very buffeted by those.

When we in Britain look at the Middle East, too often we generalise and think of it as one big problem, which is like looking at Europe and regarding it as one big problem—some of the Committee might feel that way—but of course it is a diverse patchwork of countries, sects and society. We often focus on the ink-spots of trouble rather than the vast areas of great potential or indeed just great continuity and stability.

I live in Abu Dhabi at the moment. There is enormous dynamism and creative vigour in a place such as this which is often neglected in our coverage of the Middle East. When I was in Beirut, everyone assumed that I had been sent there as some sort of punishment, as we used to joke. The reality was that my day-to-day life was engaging with people doing extraordinary bits of business and creativity, connecting in new and exciting ways. There is a very vibrant education sector. There are all sorts of things going on there that we do not normally pick up on in our more confined narratives around extremism and radicalisation.

You mentioned the Sunni-Shia cleavage in the region. Of all the trends in foreign policy that we have perhaps been slow to understand and act on over my working life, over two decades at the Foreign Office, the relationship between Iran and Saudi Arabia is the most important one in the Middle East. We often deal with these countries in isolation and fail to deal with the broader regional implications of that very difficult, challenging relationship.

The Chairman: Let us pursue the diplomacy angle. Lord Inglewood would like to ask you a question.

Q178 Lord Inglewood: You have been describing the problems associated with diplomacy in the Middle East. I suspect that a lot of them are being experienced here in this country, where the impact of digital is obviously very far-reaching. As far as diplomacy is concerned, if I understand you correctly, you see the use of digital technology as a new tool applied to an old discipline. How well do you think the United Kingdom is doing in this? Do you think the thing is moving so fast that the lessons of this year may not be the lessons for next year?

Tom Fletcher: That is a fair question. I was just in Copenhagen launching with the Foreign Minister there the world’s first digital ambassador. Things are moving quickly. Of course, that is no reason not to try to keep up. We have to accept that diplomats and civil servants will never be the world’s greatest innovators, but they can use the innovations of others to do their jobs more effectively.

Diplomacy has always been Darwinian. In the corner of the room here at the embassy there is a fax machine. I recall that someone said you could replace the Foreign Office with a fax. The Foreign Office is still there. The fax machine is just about still there but probably not for much longer. There will be some who argue that you could replace the Foreign Office with a social media account, or a WhatsApp message between Foreign Ministers. I do not agree. We adjusted diplomacy when steamships came along, when electricity came along, when the television was invented, and it will need to adjust again to deal with these new tools.
What the new tools give us that the previous ones did not are the means not only to understand and analyse the world and collect information on it, but for the first time the means to influence at a much broader level the public and not just the elites. The elites have always been our focus. Suddenly we find that we can now start to drive policy change—positive change, I hope—in a region such as the Middle East through these new tools. That is the really exciting aspect.

When I wanted to change the popular approach to the treatment of migrant workers in Lebanon I could have given a speech that would have been noticed by three people or written an article which might have been read by eight. Instead, we had a social media campaign where I became a domestic worker for the morning and those pictures went viral. But then the Ethiopian worker who I was job-swapping with became the ambassador for the afternoon and her speech went viral and challenged people in a way that classic diplomacy would not have done. That is just one small example of the ways I think we can adjust.

On the UK angle, we were one of the first movers on social media. We are in the top five or six countries in the use of social media. When I started as an ambassador six or seven years ago, there were maybe four ambassadors using social media. Now virtually every ambassador does. But we cannot move in as fleet-footed a way as some of the small countries. Estonia, Croatia, Kosovo—some of these countries are very effective. There is an arms race, if you like, and we are competing with many other hungry, agile rivals.

Lord Inglewood: Is there any particular reason why the Estonians and others that you named are quicker and fleet of foot than we are?

Tom Fletcher: It is partly culture. One of the things we identified in the review I did [Audio lost]. In a larger organisation, with traditions and structures, these are the risks that you need to take to be successful with social media. I was very fortunate in Beirut that, because I had worked in Downing Street, people assumed that I had a bit more cover than I really did to take some of those risks. Some of those smaller countries do more of that. Because they are smaller, their leaders are more used to being on social media as a means of interacting with their own public. Kosovo was recognised online before it was recognised offline.

Lord Hannay of Chiswick: I am so ancient that I was working in the Foreign Office as an under-secretary when fax machines first arrived. They did actually transform the relationship with the European Union, because you could transmit great pages of figures and so on and get them accurate, because so long as they were being transmitted by telegram you were at the mercy of somebody putting their finger on the wrong figure and then the whole thing was completely useless. I had a little problem with the Foreign Office, because the communications people said that the fax machine would be down with them and I said, “Oh no, it will be up next to my office, thank you very much”, and it was. It was a transformation.

Sorry, that was really a rather long digression. I wanted to ask you about what you said about Sunni and Shia, which has been the focus of much of the evidence that we have taken. What is your take on the balance in this Sunni-Shia rivalry between religion and politics? Is it mainly a power relationship between Saudi Arabia and Iran with a religious dressing, or is it a fundamental religious divide that happens to coincide with the state religions of Saudi Arabia and Iran? In answering this, could you perhaps also suggest whether it is in Britain’s interest to find some way of mediating? That is perhaps the wrong word but it is
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not in our interest to see that continuing into a kind of Thirty Years’ War between the two. If that is so, what can we usefully do to ensure that does not happen or continue?

**Tom Fletcher:** That is a tough question. Forgive me if I give a slightly Foreign Office-y answer and say it is both. [Audio lost] In the last 10 years it has taken on a more Iran-Saudi Arabia dimension. We should not fall into the trap that parts of the region all into of assuming that it is some kind of zero-sum game and that we need to choose a side. That is clearly not an option. Sitting in Beirut, where the balance between Sunni and Shia was more even, I sometimes observed that many of our policies suggested to the region that we had picked a side. That was because, as a result of our very difficult long-term relationship with Iran, we did not have many more moderate Shia voices to listen to. So when a crisis hit, often the first telephone calls would be to Doha, Riyadh or Tel Aviv. We would get only one side of that debate. My great hope is that now that the Iran deal is in place, we can broaden the conversation with Iran in a more intelligent, strategic and long-term way. Excuse me, the mosque is going off in the background. Apologies if the audio is bad again.

**The Chairman:** We are getting you very clearly at the moment.

**Lord Grocott:** As an aside, I plead guilty to being one of those who wondered when you moved from Downing Street to Beirut whether that would be the kind of career move that I would have been keen on copying. This is a question about the extent to which a diplomat can use the new communication methods at our disposal. In your book you say, "Diplomats need to become 'digital interventionists' in order to influence the countries in which they work". What are the boundaries to this activity? Essentially, it is a direct communication between the “foreign power” and the public in a country without the standard intermediary of the state authorities. Where are the boundaries drawn between promoting Britain’s activities and influencing the way in which the political system operates in a country?

**Tom Fletcher:** That is a really difficult question. We are building that plane as we fly it. We are testing where those lines are. Downing Street was perfect preparation for dealing with the assassination threats and internecine warfare of Beirut. Actually, it was much harder going from the rodeo of the Gordon Brown No. 10 to the dressage of the David Cameron No. 10 than it was going from London to Beirut.

This is a source of real debate in the Foreign Office. For example, should diplomats and public servants have a public profile at all? The reality is that you build that up in-country. We always would have done. Lord Hannay would have had a public profile in the countries he was serving in. But now that echoes much more back into the domestic market than it would have done before. For me it was a great source of self-censorship to know that I was followed by most of the political correspondents, including the Daily Mail because it meant [Audio lost].

Who do diplomats represent? A passage that was removed from my book was a reflection on this. I was reflecting on the fact that we have moved from [Audio lost] to being Her Majesty’s Government’s ambassadors as well. Obviously, that is a transition that has happened over many decades. Now we are ambassadors at large as well. I am most effective as ambassador when I somehow own that whole British brand—from David Beckham to Prince Harry, from Burberry to Jaguar to Scottish whisky—rather than speaking purely as a representative of the
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British Government. That is a controversial view. That was the bit that was removed from the book, because people felt that that was challenging an orthodoxy that was not yet ready to be challenged. I certainly felt that I was there to connect with a public at large. As I said to Lord Howell, if we do not connect with that public we leave a dangerous vacuum, in the Middle East and elsewhere, because it will be filled by the wall-builders rather than people such as us who want to promote coexistence.

The Chairman: That is a controversial view, but is it not the new reality? What you are saying and what you have perceived is that there is a vast amount of information around, a vast amount of connectivity, with literally trillions and quadrillions of connections going on every day between groups and interests outside government. This places those who are seeking to govern and have legitimate authority in a much more challenging situation, where they have to link up with many wider audiences the whole time. Here is my slightly naughty question: is this analysis being applied sufficiently back here in London? I think one of your tasks when you were passing through London was to look again at how our great and good Foreign & Commonwealth Office fitted in with this new world. Are we moving in the right direction?

Tom Fletcher: We have to be careful in this world of zillions of communications passing back and forth. For example, the 10,000 tweets I sent in Beirut, put together, would tell a story about Britain’s values, prosperity and security. There would be a sense of purpose to them. One thing we must not do as public servants and diplomats is see this as a popularity contest where we are all simply competing to have more followers than the Foreign Secretary. It is not just about the number of hits you get, the number of hashtags and retweets and so on. There has to be a purpose to it. That is much easier at post, where you have a public profile already.

We have a certain amount of autonomy to promote UK messages. My sense is that it is much harder to do that from a desk in London and that Ministers would probably look askance at too many officials in London having high-profile Twitter accounts, for example, and issuing a running commentary on the issues of the day. Those lines are quite blurred. It is shifting and it will shift more as more high-profile social media ambassadors come back to London and bring their followers with them but for the time being it is much easier to do this effectively a long way from home.

The Chairman: Lord Reid, you wanted to pursue this issue.

Q179 Lord Reid of Cardowan: Thank you, Tom. You made the interesting point that social media—indeed, the whole of cyber—empowers not only individuals but small states. So we have this distinction between the long history of diplomacy and the skillset that underpins it and the sense of the United Kingdom being a developed nation in that sense, but the tools being modern. In the digital world there are no developed nations: we are all developing nations. Given the changed circumstances, at least in the conveyance of diplomacy through new tools, what is your view of the UK’s standing in the region? How can this best be optimised? Specifically, how important will access to the UK’s education system and labour markets be to our standing and our engagement with countries in the Middle East?

Tom Fletcher: You are absolutely correct, Lord Reid, that it tends to empower some of the start-up nations, which can move faster. Lord Howell, you
Mr Tom Fletcher CMG, Former UK Ambassador to Lebanon (QQ172-182)

mentioned the review that I did at the Foreign Office where we tried to make the Foreign Office more fleet-footed and more agile. That is happening now. I know that. I can see already that even in the past six months our diplomats are better equipped and better trained to cope out there in that environment than they were before. [Audio lost] The quieter majority find it harder to create the kind of content that really engages people and gets them interested in what we have to say. [Audio lost]

At the heart of what Britain does really well—at the heart of our national brand—is the quality of our education, particularly higher education. I used to go to universities in the Middle East and I would be harangued about the Balfour Declaration or Sykes-Picot and British policy by people who were doing degrees in order to get into the UK education system and who, incidentally, were often wearing Premiership football kits. That shows [Audio lost]. We have to be so careful that we chase after students to bring them into our system rather than chase them away. We have to show that Britain has not become isolationist after 2016. We have to show that we have a view of the world. I would love us to do more to attract the world’s top students to our universities and to reduce the barriers to them attending.

Lord Reid of Cardowan: I have one follow-up question. You stress, quite rightly, the potency of the use of social media, but it also has great dangers as well, does it not, such as the expectation that people will respond almost immediately to profound questions in 140 characters in 30 seconds—witness the use of Twitter by some prominent politicians, say, in the United States. It leads to a great temptation for instant communications solutions and competition to get in first with the tritest responses. Do you recognise that as a danger?

Tom Fletcher: Absolutely. It is a huge danger. Responses are very fast. Often by the time we have come up with our well-thought-through, measured response, the world has moved on to the next story. Donald Trump has tweeted something else and the whole cavalcade has moved on. When I talked to ambassadors who were coming on to Twitter in particular, I always stressed that quality still matters. We cannot reduce the quality of our communication. We cannot suddenly start tweeting too many acronyms and so on. There has to be a standard to it. More importantly than that, the tweet has to be the tip of the iceberg. There has to be a strong policy basis underneath it that gives it some solidity. There is a danger sometimes that there is no iceberg.

This is a pre-Twitter problem, by the way. When I was in Downing Street, under different-colour Administrations, we would often focus too much on the message that would be on the Sky ticker than the actual policy response to underpin it, because it was such a fast-moving 24/7 media environment. That has sped up even more. We are no longer talking about 140 words on a Sky screen, we are talking about 140 characters in a tweet. Somehow, we have to ensure that the tweets are high quality, fast and agile, but part of something more solid.

Q180 Lord Purvis of Tweed: I concur with your reflection relating to students. When I was in an UNRWA camp outside Beirut last year I met a round table of young Palestinians, all of whom put the source of their plight down to Balfour and the Brits. But when I asked if they could not go home to Palestine, where they would want to be, the majority wanted to come to the UK. Clearly, the UK brand of what we represent is very strong. I also went to Baalbek, where your impact is worth recognising because you were very well known and respected for the work you did in Baalbek-Hermel, and
I want to stress that.

I want to ask you about the broad strategic interests for the UK and what we are doing in Lebanon with supporting the army and the police force, the remarkable work of the British Council there, and the recent support we have been giving to the Lebanese education system. Do you see this as a potential model for our relationship with countries in the Middle East, or is it too simple to say that this approach of supporting security, education and creativity can be transposed into other countries, given that, as you said at the outset, you cannot simply look at the region as a whole in one bloc?

**Tom Fletcher:** Thank you very much for mentioning those initiatives. Obviously, I am a slightly biased commentator on whether or not they should be the model for my colleagues. I do not think I would make myself very popular by suggesting that they could be. I am glad you mentioned the substance there. Some of us talk a lot about social media and the potential of it. It is assumed that we do not care about the substance. In reality, all the social media that we did that was reaching people in Baalbek and Hermel and so on was to promote the fact that we were doing these extraordinary things on the ground to make their lives more secure. The most significant moment [Audio lost] built from materials sourced in Northern Ireland—

**Lord Purvis of Tweed:** Sorry, Mr Fletcher, the sound dropped out as soon you said “the most significant moment”. Perhaps you could repeat that for us.

**Tom Fletcher:** The most important thing in Beirut was in July 2013 when Islamic State hit the Lebanese border, as it had hit other borders and knocked through them in the past. It came across from the Syrian side. It was targeting a Christian town four or five miles inside the border. Unknown to Islamic State, we had worked with the Lebanese Army to put a watchtower on that spot with materials sourced from Belfast, with UK-trained Lebanese soldiers, and they pushed Islamic State back. That was the only border it has hit so far that it could not get across. The work we do with the army is extraordinarily important.

In the past five or six years, the amount we spend in Lebanon has increased about a hundredfold, mainly in response to what was going on in Syria. Obviously, education is vital across the Middle East, and this is something I am very involved with still. The other thing we refocused on was the next generation and we started something called the UK Lebanon Tech Hub, which has just received extra funding from the UK Government, I am pleased to say.

To address your point about whether there is a model here, the argument is that we need to focus on doing a few things really well and not try to do everything. In the case of Lebanon, those things were: army, education and that investment in entrepreneurship and the creativity of the next generation. But they will be different things in different places. We have not really touched on FCO resources yet, but we have to accept that the Foreign Office is no longer resourced to do everything as well as it once did.

**The Chairman:** I am sorry, I cut out Lord Hannay earlier, who wanted to follow up on an earlier question.

**Lord Hannay of Chiswick:** I wanted to follow up to be sure on what I thought was a very important point you made that the digital instruments that you are advocating—in my view, quite rightly—that ambassadors should use much more work better in the field, in the country that you are accredited to, and not so well
Mr Tom Fletcher CMG, Former UK Ambassador to Lebanon (QQ172-182)

from the centre, where they get confused, as President Trump is demonstrating now, with the formulation of policy and all the things that Lord Reid said about instant reaction through tweeting. You put your finger on an important thing. Perhaps you would comment on that.

It is even better when you are several time zones apart from your home base, because that makes a big difference. When I was at the UN, the US ambassador had much more trouble, because he was on the same time zone as Jim Baker and Jim Baker did not much like it if he was knocked off the evening news by the UN ambassador. I was five hours behind and Ministers in London had all gone to bed by the time I appeared on television. That time zone thing matters, but it also strikes me that you have made a very important distinction about this instrument being really necessary and useful for ambassadors on the ground but not necessarily being transposable to the centre where the policy-making function is taking place. Does that make sense? Have I understood rightly?

**Tom Fletcher:** Absolutely. Many of my colleagues who have come back from posts into London have found this a tricky transition to make and are still working out where those should be. This morning I hosted Baroness Ashton here. We taught a class together about how you would use social media in a negotiation on Cyprus. You would have lots to help us with on that.

The time zone point is important. I was lucky in Lebanon that, to be honest, there was not a huge amount of day-to-day interest in what was going on in Lebanon. It would be much harder to tweet in a creative, slightly risky way if you were posted in, say, Riyadh, Brussels or Washington. It must be very tough for any European ambassador in Washington to be on Twitter now. [Audio lost]

**The Chairman:** I am afraid you go badly cut out there again. We will press on. Lord Wood, would you like to follow up on the question of outside influence?

**Q181 Lord Wood of Anfield:** The crisis in Syria is a crisis for lots of reasons, but it has really been a crisis of multilateral institutions trying to effect a positive outcome in the Middle East, so we have the spectre of peace talks now with no EU, no UN—no US either. Are we now in a world where external attempts to shape the Middle East are an ad hoc matter—individual countries combining in the way that Russia and Turkey are at the moment, for example—or do you think that Britain should be thinking about re-engaging post-Brexit by re-strengthening its commitment to international multilateral institutions? What scope is there for multilateral institutions to effect a positive outcome, and should Britain see its role of engagement primarily through those or still in great power mode from the past—to ask you a leading question?

**Tom Fletcher:** Thank you. A general point is that diplomacy itself is being disrupted by this technological change. So suddenly it is no longer necessarily the go-to bit of machinery to deal with the world’s challenges. It is much harder to do diplomacy in times of austerity and introspection, and when the enemies are not clearly defined—they are not the bad guy in the Bond film any more. It was all made much harder, as you say, in Syria, basically because the UN Security Council sub-contracted our collective conscience and policy to Russia. Clearly, the scaffolding that we built around international relations is very fragile at the moment.

I agree with the sense of your question: the only answer is to invest more in the international architecture. The fact that we are exiting one piece of architecture
should mean that we go in even harder on UN reform. I am currently writing a report for the Secretary-General on how to use digital technology to help the UN deliver its mandate more effectively. I hope that the UK collectively invests heavily in the UN system and the international rules-based system more widely, and does not create the risk that we are perceived as closing off from all that, especially at a time when the American Administration may well be.

Lord Wood of Anfield: Is there not a risk that we have a Premier League-versus-Championship division, that multilateral institutions are invested in by the smaller and medium-sized countries but the Russians and the United States and maybe the Chinas intervene off their own bat, so multilateral institutions become the collective property of the second tier?

Tom Fletcher: It is a risk that has been there for some time, to be honest. If you look around the Security Council now at the leaders of China, Russia and America, you do not necessarily have a coalition there for international, rules-based, tolerant understanding and diplomacy. Inevitably the other tiers will have more of a voice in these institutions, and they will use these institutions to restrain more those bigger powers, but we should be very much part of that. In the Congress of Vienna in 1815, Talleyrand got the deal he did because he let the smaller powers into the room in order to put pressure on the other big powers. He then, of course, kicked them out immediately afterwards, but I think the first part of the model still stands.

Q182 The Chairman: I am going to ask you one final macro question arising from what you were talking about in response to Lord Wood. In the past 10 to 15 years, there has been a gigantic shift in the global share of GDP from the west and the north to the east and the south—rising Asia, rising Africa, rising Latin America—particularly China and the other Asian powers. You also mentioned Russia. To what extent are these changes changing attitudes in the place you are now sitting, the United Arab Emirates, in the centre of a very prosperous part of the world, which has grown very rich on hydrocarbons? Is the West fading from the scene a bit? Are the Chinese businesses and the great market forces of Asia beginning to have a much more influential role in the daily lives of the people around you?

Tom Fletcher: I feel that much more acutely here in Abu Dhabi than I did in Beirut. Beirut felt much closer to Europe, not just geographically. It looked more to the West. If you talk to the think-tankers here and the longer-term strategists, they are looking eastwards to a much greater degree. But it is not a zero-sum game. They key thing for the UAE is that it is part of an open global trading economy. This is where we can place our standard. People here see the world dividing much more clearly into closed and open trading nations. They are conscious that a shrinkage in global trade of 5% has a huge impact on an economy such as Dubai’s or Abu Dhabi’s, just as it does on an economy such as London’s. In a way, it comes back to Lord Wood’s point. There are areas here where you can build new coalitions around issues such as free trade [Audio lost]. It will be a very strong, flexible coalition. [Audio lost] It will be issue by issue.

The Chairman: I think our time is up. You have really helped us open our minds more to the enormous impact of the information, communications and technology revolution and what it is doing to international relations generally, to the societies that you have studied and worked in, and to the kind of policy stance that Britain must adopt in the future to be relevant, protect our interests, promote our interests and generally act responsibly as a world power. I thank
you for all that. We could have done with another hour. We could have done with more of what we actually got because of technological interruption, but thank you very much indeed. We are most grateful and we shall all read your book—again. Thank you so much.

*Tom Fletcher:* Thank you very much, your Lordships.
The Rt Hon Dr Liam Fox MP, Secretary of State for International Trade (QQ 208-217)

The Rt Hon Dr Liam Fox MP, Secretary of State for International Trade (QQ 208-217)

Wednesday 15 March 2017

10.35 am

Members present: Lord Howell of Guildford (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. 19 Heard in Public Questions 208 - 217

Witnesses

I: The Rt Hon Dr Liam Fox MP, Secretary of State for International Trade; Mr Jamie Munk, Lawyer, Department for International Trade Legal Advisers.

Examination of witnesses

Liam Fox MP and Jamie Munk.

Q208 The Chairman: Secretary of State, good morning and welcome. Thank you very much for joining us. I have to make some routine observations at the beginning. As you will be all too aware, this is a public session. It is televised and a transcript can be looked at afterwards. As Chairman of this Committee I should declare my interest—I am an adviser to the Kuwait Investment Authority—as we will be discussing Middle East and Gulf issues in some detail.

As you are probably aware, the Committee is engaged in an inquiry into the very rapidly changing political and economic situation in the Middle East—transformed from anything we knew in the last century, or even 10 years ago—and the implications for British policies in all aspects: obviously economic and political but also security, energy and all the rest. That is the picture. I will begin by seeking an overview from you, Secretary of State, bearing in mind—I think I am right—that in your briefing you pointed out that this is a region of the world that takes bigger exports by far than even China, let alone India; twice as much. It is also a huge source of inward investment into this country. So we are talking about powerful economics as well as powerful politics. Could we have a view from you on how you see this developing, especially as the post-Brexit situation unfolds?

Liam Fox MP: Thank you very much, Chairman, for the opportunity. First, I will briefly set out the remit of this new department and how it is structured. The Department for International Trade has responsibility for trade policy. We have also taken into the department what was UKTI. We have UK Export Finance, DSO and the GREAT campaign. In other words, we have trade policy, 'financing mechanisms', the delivery elements and the marketing expertise in one place for the first time. That fits in with the functions of the department, which are threefold: the export of British goods and services abroad; investment—both foreign direct investment into the United Kingdom and overseas direct
investment from the United Kingdom outwards, which makes a contribution to our balance of payments and our current account; and trade policy, which has huge implications as we leave the European Union. The department’s agenda is to seek a technical rectification of our trading schedules at the World Trade Organization and then transitional adoption of the existing EU free trade agreements and economic partnerships before we look at new free trade agreements.

In addition, we have a number of mechanisms by which we deal with other countries. We have ministerial trade dialogues, such as the joint economic and trade committees with South Korea and with China. We have the economic and financial dialogue with countries such as Brazil. We have trade audits, which we are currently undertaking with countries such as India, where we can assess the perceived impediments to trade and investment in each direction. Then, of course, we have the trade working groups with groups of countries such as the GCC, Israel and New Zealand already in operation. There is a very wide remit, taking some of the responsibilities that lay with other government departments until the machinery of government changes last summer.

I have made a number of visits to the region, particularly to the Gulf, where we have had early involvement as a department. We also, of course, have the working group on trade and investment—two equally important elements, as you said, Chairman—that was set up in December 2016. We are close to setting the date for our first meeting on that, which is likely to be in April this year. I have visited all the Gulf States, with the exception of Saudi Arabia, and ministerial contact has been quite intense.

The Chairman: Is it your thinking that a possible UK-GCC collective arrangement will replace what we were doing when we were part of the European Union, or a lot of new bilateral arrangements? I think I am right in saying that the EU’s efforts to get an agreement with the GCC have not been too successful, so how does your thinking react to that?

Liam Fox MP: We have had a number of discussions. There is a customs union, of course, so we will look in future to establish a trading relationship that is UK-GCC rather than a range of bilaterals. If I may say so, I know there is a tendency at the moment to see multi-bilateralism as a substitute for multilateralism, but multi-bilateralism is expensive in terms of resource, it takes longer and it is likely to end up at multiple different end points. Multilateral agreements and work as groupings, where we can achieve them, make it simpler, as we have discovered in the transition of EU FTAs, where a compendium FTA makes it easier for us to operate. So we see it working as a GCC grouping. That is not to say that there is no room for individual investment programmes from individual states in both directions in a future trade agreement once we have left the European Union and are allowed to negotiate one. That will be the direction of travel.

The Chairman: Obviously, inward investment, which we rely on and which compensates for our huge trade deficit, has not been affected by whether we are members of the European Union. Can you see any decisions being altered by those who take these investment decisions as a result of us not being in the European Union?

Liam Fox MP: We can really only go on recent experience. Since the referendum, capital investment from the Gulf into the UK has shown no sign of weakening. We have seen big deals this year, with National Grid getting £1.4
billion from Qatar, Scotia Gas getting £621 million from the UAE, and of course we are just about to host the UK-Qatar investment conference in London and Birmingham at the end of this month. Certainly there has been no reduction in interest. As we have seen, very firm investment intentions and decisions have already been made since June of last year.

Lord Hannay of Chiswick: On the GCC, am I wrong in thinking that the GCC has few plans to export to us and not many products that would be competitive if it did export them to us? Nor are there any very great barriers that we, either as a member of the EU or not, impose, because a lot of things that we import, such as gas and oil, are zero-rated anyway, if I understand it rightly. On the other hand, presumably we have quite a big interest in having as free access as possible to their markets. Is that not all going to be a bit unbalanced, and will it not pose some problems if we ask for very ambitious access to their markets and they can work out that the access we are offering them is not much different from what they have now?

Liam Fox MP: That would be true if trade was simply about goods and not also about services—and it would be true if we saw trade as merely a zero-sum game, which of course it is not. One reason why there is a strong fit between the relative economic objectives of the UK and the GCC is that we have a trade surplus with the Gulf of about £10.1 billion. We exported £20.2 billion in total in 2015. A lot of the interest has come from the export not of British goods but of British service capability. I have had a number of discussions with a number of countries in the region about how British skills could help to mature the markets.

This goes to the heart of the argument about overseas direct investment. There are those who would portray that as “the exporting of British jobs”, but of course trade is built on a bilateral relationship, and where we can provide British expertise in market, that obviously provides a potential source of income for the UK, but it also provides us with the opportunity to mature markets more quickly and to help with social and economic development in some of the countries concerned. Of course, ultimately that provides a secondary opportunity for both in economic growth. When I have talked to countries particularly in the Gulf, I could literally be exporting British service sector expertise in educational products—incidentally, edtech has now overtaken insurance as a British export, which seems to have gone largely unnoticed by people who comment on these things—life sciences, healthcare, accountancy, legal services.

There is a whole range of elements that can help. From the UK’s point of view, one of the lessons that we have learned in recent years, particularly in financial services, and one of the main opportunities that we have been able to exploit, is the unilateral opening up of domestic markets where we already have a footprint, where we are already there. For a multitude of reasons the picture is much more complex than simply what the balance of payments and goods looks like. It is how we can develop a mutuality in a relationship that might develop over time. That is one reason why there is such interest in the UK at present.

Of course, we will have to overcome some of our own capacity constraints. One problem the Government are dealing with at the moment is the fact that there might be almost an infinite demand for some of our services but a limited ability to supply them. However, there is quite a good fit, and there is a lot that we can do for inward investment into the UK and for infrastructure projects in order for the UK to be able to deliver a lot of our service expertise that can help to develop a lot of the markets.
I do not wish to labour the point, but I will give a specific example. Countries talk about developing themselves as a medical hub in the Gulf. We have made the point that that cannot be achieved simply by building hospitals and importing doctors indefinitely from the rest of the world. A key element will be to help countries to develop the professional infrastructure that they require in the form of nursing skills and medical skills. How do you build a medical school that helps you to deliver the medical staff over a longer term? How can we work with countries to provide that professional infrastructure, which is a much longer-term investment than simply helping in the construction of some of the hardware of some of these projects? That requires Britain to have a genuinely longer-term and strategic engagement in the region, understanding that some of these developments cannot happen overnight and will require us to have a longer-term commitment.

**Lord Hannay of Chiswick:** So presumably helping them to have access to our higher education, with no new immigration controls, will be part of that equation.

**Liam Fox MP:** I look at institutions such as the University of Nottingham, which has established a campus in Malaysia and in China, and I see that as one of the things that we should want to export as a country. Exporting our expertise is not only advantageous bilaterally in financial terms; it is also a question of us being able to export our values. We need to see the relationship as being a lot deeper than simply what goods we are selling this year.

**Baroness Smith of Newnham:** Thank you Secretary of State. I probably ought to declare an interest as somebody who is employed by Cambridge University.

Following Lord Hannay’s point, clearly there are two ways of exporting higher education. One is clearly setting up campuses in other countries, but the other is having people coming to study here, which in many ways probably helps soft power rather more, because people come and study here, exchange ideas with international students from other countries and then go back to their own countries.

To press you a bit further on Lord Hannay’s question, what scope is there for persuading the Home Office that international students really should not be part of migration figures, and that having them here is really important for international trade. They are not immigrants; they are people who are coming to benefit from a service and contributing to our economy.

**Liam Fox MP:** There is an ongoing argument in government on that, and I have made my views clear in private to the Home Secretary. There is a value for those who come to study in the United Kingdom. I 100% accept the point that in many cases they will be imbued by the values that they experience while they are here. Many of them will go on to establish long-term relationships with the United Kingdom, as they understand our institutions. But we should not underestimate the value of us exporting some of our capabilities, not least because those who can come to the United Kingdom are often those who are best off. Our ability to widen the appeal and the reach of our educational standards and the values that go with them could be accentuated by further investment in country. I have spent some time working with our educational sector on this. It is one of the sectors in this country that shows the most appetite for being willing to do that, and it offers us huge opportunities to
continue with that. I do not see it as one or the other; I see them both as very complementary.

**Lord Inglewood:** I understand entirely what you are trying to do with these service exports, if I can put it that way. It seems entirely sensible to me. But are you not talking about developing an existing relationship rather than pulling down actual legal and physical barriers and inhibitions to doing it? We are already doing this sort of thing now. Once we have left the EU, what will have changed in what we can do that previously we could not do?

**Liam Fox MP:** One way in which we can help in the region and elsewhere relates to some of the customs barriers that we face in access to markets and so on. That is a growing global problem.

**Lord Inglewood:** Sorry, are you talking about services?

**Liam Fox MP:** One of the problems that we have seen in the global economy is an increase in the number of measures that could restrict trade. The OECD estimates that in 2010 the G7 and G20 countries were operating about 300. That rose to about 1,200 at the end of 2015. One thing that the UK will want to do as we take our independent seat on the WTO is to try to encourage further global liberalisation, because that is the way to get better market access in general.

One reason why we established the working group on trade was to see whether we could identify impediments to trade in different markets, largely in the service sector—as has been pointed out, so far we are already operating in a low-tariff environment—and what we can do specifically in the service sector. That will be the primary role of this group: to identify areas of market access that we could reduce in future. Whether we would require going as far as a free trade agreement or whether we could do that by other means that are available to us is something that we will have to explore. When we hold our first meeting, that will certainly be at the top of my agenda in talking to the GCC countries.

**Lord Inglewood:** You have identified lots of potential targets for consideration?

**Liam Fox MP:** We have. We are not short of the things that we could export. When you add in cybersecurity and other elements of security that we might want to consider together, there is quite a big agenda, but we need to deal with some of the market access issues, especially in relation to services, not least because what the UK will be selling in effect will largely be service-orientated.

**Q209 Lord Purvis of Tweed:** Following directly on from that, could you help to clarify something? If impediments to trade in services are the global issue that you identify, which by definition will be shared by our existing European partners, and if, as you have said previously, it is an ambition of the Government to retain equivalence in how our service sector operates, especially financial services and insurance, why would these discussions with the GCC be unique to the UK and not to EFTA or EU partners already?

**Liam Fox MP:** We will want to establish our own relationship, because it is not just about trade; it is also about investment. Part of the problem is that people keep looking at the trade element without the investment side and do not understand how close that relationship has become. We are working with the EU. For example, at present we are trying to push the trade in services agreement at WTO. It has run into the sand for a number of different reasons, but we will continue to push it. It is all very well for the big, powerful trading nations to complain about a rise in global protectionism, but very often the culprits of that
protectionism are the G7 and G20 countries when it comes to non-tariff barriers. So we need another round of global liberalisation, which the UK will want to give a push to.

That is not to say that, for example inside the European Union, we are alone. But there are things that we might be able to do as an independent member of the WTO in pushing that we might not be as free to do inside the EU. Certainly, along with a lot of our EU partners, there is a real appetite for liberalisation. One example is data. The Commission has been very forward-leaning on the liberalisation of data flows and opposition to data localisation, but it has not been possible for it to take the process forward because of a number of member states that oppose it. We want to take that forward. We think that it would be in our interest and in the wider interest, too—including the interest of a number of our European Union partners who are unable to achieve that through the EU at present.

**Lord Purvis of Tweed:** All those issues were addressed in the EFTA agreement with the GCC. What was not in the EFTA agreement that you think we can have by standing alone and adding external pressure on to the WTO process? I can imagine an individual country under the WTO, given that there is also an EFTA agreement with the GCC, being a greatly reduced influence.

**Liam Fox MP:** I do not think that we will have a reduced influence at all in the GCC. In fact, I think that the United Kingdom will continue to have a very strong influence for the very reasons that I set out. There is a strong affinity with the UK, not least because of previous educational experience in the UK, and not least because of previous military experience. Many of those who have been through Sandhurst or UK universities have a very strong affinity with the UK, which I do not believe is replicated anywhere else. That provides us with a very strong opportunity. There is a great deal of investment that preferentially heads towards the UK. So the UK is in a unique position with the GCC.

**Lord Purvis of Tweed:** But what is not in the EFTA agreement that we would want to have?

**Liam Fox MP:** We have not made known a view about membership of EFTA. We will make the agreements that suit the United Kingdom and would want to follow a trade and investment partnership. Our position is different from everybody else's, and I do not think that we need to look to any previous relationship to model what we are going to do.

**The Chairman:** I want to move on beyond the GCC. There is a lot more of the Middle East than that.

Q210 **Lord Hannay of Chiswick:** Secretary of State, could we look now at trade policy? Quite a lot of the countries that fall within the scope of our inquiry have very elaborate arrangements already with the EU involving free trade or preferential trade involving aid and co-operation in a whole range of fields. That is basically the countries of the Maghreb—Morocco, Algeria, Tunisia—along with Egypt, Israel, the Occupied Territories and Jordan. And, of course, in a customs union there is Turkey. I imagine that you would not disagree with the fact that the day we leave the European Union, if we make no arrangements we will simply drop out of all that. So what are your objectives for these countries? Will you try to go beyond what the EU has already negotiated? Are you happy with all the very complicated migration co-operation agreements and very large aid agreements? Are we going to
simply replicate these? If so, with these countries are we effectively running in order to stand still.

**Liam Fox MP:** As I said at the outset, the department’s three main priorities are the technical rectification of the WTO, which will enable us to trade on the basis of current schedules, which of course affects our trading relationship with every country, including those mentioned by Lord Hannay. Then we come to the EU trade agreements that already exist, and the partnership agreements and so on. Our aim initially is to transition those into UK law to ensure that there is no disruption in the relationships. So our first role is to make sure that at the point of exit we do not have any disruption either in wider global trade or with those partners who depend on us. Of course, this will take some time, and what we are doing to replicate these agreements in law is unprecedented to this extent: there are some 40 EU FTAs on their own, not taking into account other agreements. We will seek to replicate all of those.

Incidentally, we have had a very positive reaction from those who want us to do that. We have made an agreement that we will do so on the basis that initially they will be the same but that we will seek to liberalise them where we can. So the only direction of travel will, if anything, be to liberalise them to a greater degree than we have to date. Of course it is a huge undertaking. So the transitional adoption is important, but perhaps to underline that, there is a very strong principle that we will apply. These are not just trade agreements. As Lord Hannay said, there are development agreements and all sorts of other agreements that go with them. It is very important that people understand that prosperity, open trade augmented by development programmes, social and political stability and security are not in different places: they are part of the same continuum.

It is therefore essential that we do not interrupt the prosperity agenda, the trading agenda or any of the other parts and still hope to get security at the end of it. Across government, we have to recognise that that is a single continuum. The trading part is maintaining the free and open trading environment and ensuring that there is no disruption that might cause political and economic instability as a consequence, which would have implications further down the line for regional security. So, yes, the answer is that we will seek to replicate them as much as we can. When we have done so, we will seek to take them further on whatever timescale it takes.

**Lord Hannay of Chiswick:** But presumably you recognise that there is another party to each of these agreements—Morocco, Tunisia, Egypt or whoever—and they may well have their price for replicating the arrangement that they have with the European Union and which we will now be asking them to have with a post-Brexit United Kingdom. So there could be a price to pay for that. I would have thought that that needed to enter your calculations. Perhaps you could say something about that.

The other thing is that with most of these countries—not all, because Jordan clearly is not in the situation—we have never operated a bilateral aid programme, a bilateral migration relationship or any of these other things. So are we going to construct bilateral relationships on all these extremely complex issues that have never existed before with those countries?

**Liam Fox MP:** The trading relationship is quite strong. In Egypt, we are supporting economic reform with a £150 million loan guarantee. The UK is the
largest investor in Egypt, providing almost half of all foreign direct investment since 2011. More than 900 UK businesses are operating in Egypt with investment. The largest companies are Vodafone, BP and Shell. In Algeria, we exported £333 million in 2015. UK businesses such as BP, Unilever, HSBC, GlaxoSmithKline and AstraZeneca are all working there. The problem there is WTO accession, which has taken 20-plus years and is as yet unfinished. The UK is also Morocco’s seventh largest export market. So there is already a large degree of economic interdependence which it will be in the interest of both parties to continue.

In the discussions that we have been having with countries about continuing the EU relationship, we have yet to come across a country that has said that it did not think that was a good idea. So the understanding is that we can provide stability and help with investment and export markets in the UK itself. There is a genuine understanding that we want to continue with the stability and potential investment. As I said, in countries such as Egypt, where we provide more than half the investment already, there is a very strong incentive to have a very positive relationship with the UK.

Q211 Lord Grocott: I think you have almost answered my question already, but I will ask it none the less. In the nine months in which you have been in role, you have obviously had very extensive contacts with the countries that we are talking about here. What is your broad assessment—can you generalise at all—about the countries that you have been dealing with, given that in very crude terms the options post Brexit are that the trading relationships will continue broadly as they are now? That is one possibility. Another is that they will significantly worsen when we leave, because countries will want to establish barriers that do not exist at present. A third possibility is that they improve and it is possible to develop more beneficial trading relationships. Can you generalise? Have you found hostility, for example, to improving these relationships?

Liam Fox MP: I think Lord Grocott is exactly right: it is impossible to generalise across the region. Some countries have greater political stability and therefore greater attraction to inward investment. In turn, if that investment takes root it can produce prosperity and social stability. However, it is not equally spread across the region.

Do I think it would be wise of us to expect it to be so? We can, where possible, and where we seek trading opportunities it is a chance for us to encourage the sort of economic development that can lead to better prosperity sharing in these countries and ultimately help their own political stability. That is very much part of what we seek in a trading relationship. I have never seen trade as a purely financial transaction; I see it as a way of deepening strategic relationships in the longer term. That is mutually beneficial.

It is not always immediately apparent to people in the UK what the strategic rather than the financial benefit would be, but I would argue that if we can invest in trade with these countries in a way that increases prosperity and stability, that is a positive benefit to our wider security in the longer term. It is not always easy to make that case, but I believe it to be true.

Lord Purvis of Tweed: Going back to the two examples that you mentioned, Morocco and Tunisia, our current trade with them is under the EU association agreements—Morocco and Tunisia in 1996 and 1995 respectively. They are
currently in negotiation for a deep free trade area agreement. When we leave, are you saying that we will simply adopt the association agreement terms in seeking a relationship with them so that they agree a bilateral with us on the association terms, or will we wait until they have agreed their deep free trade area agreements with the EU before we even seek to adopt that? There could be a considerable delay and we would simply revert to a WTO relationship with them, which is a less beneficial relationship than the one we have at the moment.

Liam Fox MP: I do not believe that is true. We would seek to replicate whatever relationship they had with the EU at the point of exit. Had they completed a deeper FTA, we would seek to replicate that. Were they still operating on the agreement that they have today, we would seek to replicate that. That is not entirely different from countries that are in the process of ratifying EU treaties at present, Canada being one of them. We do not know whether, when we leave the EU, we will have the full ratification of CETA or not. It is the same in relation to the countries that you mentioned. We would seek to replicate that. Just as they would seek to deepen their relationship with the EU, we would seek to deepen our relationship with them, too. Because they would be dealing with a single country rather than seeking a process of ratification with 27 countries, we would see whether we might be able to expedite that.

The Chairman: A different kind of question now from Baroness Hilton.

Q212 Baroness Hilton of Eggardon: Secretary of State, many of the countries that we deal with in the Middle East have very questionable human rights records. You have mentioned mutuality and exporting our values. Does that mean that you might make some trade agreements or particular service agreements conditional on improving their human rights records?

Liam Fox MP: We have a strong record of defending human rights and promoting our values. We need to look at what I might describe as the flip side of that coin, which is our ability to shape and change what is happening in different countries by encouraging development. We have set out a number of areas, such as arms exports, where we apply different criteria, and we will look at a number of different areas. In general, however, I see a combination of our trade policy, our investment policy and our development policy as a tool by which we can help to shape and improve some of the political systems that lead to improvements in human rights.

Baroness Hilton of Eggardon: It does not seem to be very effective in relation to Saudi Arabia, with which we have arms deals that are of considerable value to our country.

Liam Fox MP: In view of some of the reforms that have taken place in Saudi Arabia, we want to encourage trends towards greater democratic involvement. The more engaged we are, the better. The alternative, disengagement, would mean that we would not be able to have some of the influence that we seek to bring.

Baroness Hilton of Eggardon: At the moment, the EU has an embargo on dealing with the disputed settlements in the West Bank. Do you intend to continue that policy?

Liam Fox MP: The settlements are not covered by the current EU-Israel association agreement. It is that agreement that we would seek to replicate. It is
not a small workload to transitionally adopt all these agreements, and any changes to any of the agreements would depend on future political developments, but it is very clear that the Government continue to believe in a two-state solution. The current association agreement reflects that policy and will continue to do so.

**Lord Wood of Anfield**: Secretary of State, would you clarify something that you said? Are you saying say that the act of trading with countries—let us take a country such as Bahrain, which has a catalogue of human rights problems, political party members being arrested and other problems—will itself ameliorate the human rights abuses, or are you saying that the consistent approach of our Government is that you do the trade part and other parts of government tackle the human rights abuses in parallel? I was not quite sure what you were saying.

**Liam Fox MP**: I do not think that trade alone will ever be the single tool by which we can achieve that, but trade and investment and deepening our relationship over time gives us an ability, in some places alongside our development policy and in some places alongside our security policy, to help to shape events that we would not have were we to disengage from them.

**Lord Wood of Anfield**: But do you see your role as Trade Minister as involving raising concerns about human rights abuses in the course of your negotiation of better trade relationships?

**Liam Fox MP**: It is a part of a cross-HMG activity. Perhaps in the past we have not succeeded as a country where we have been seen to have a very transactional relationship with a lot of countries; that we would talk to them when we wanted something specifically but would not engage more widely when we did not. As I say, we increasingly see the links between prosperity, including trade, investment, and our development programme and our security relationships across government the means by which we can help to shape agendas.

**Lord Hannay of Chiswick**: On this point, quite a lot of the EU’s agreements, which I think you said you were proposing to replicate, contain provisions on human rights. Are we going to replicate those provisions on human rights in bilateral agreements that we reach with these countries?

**Liam Fox MP**: It is way too early even to start talking about the bilateral agreements when we have not yet done the EU ones yet. However, there is no reason to suppose that the United Kingdom will take a different approach to human rights in the future than we have up to now.

**Lord Hannay of Chiswick**: So we will include provisions for them in bilateral agreements?

**Liam Fox MP**: I cannot imagine that there would be any reason for the United Kingdom to do anything differently from the way we are doing it today.

**Baroness Coussins**: What is your assessment of the evidence that suggests that UK arms sales to Saudi Arabia are leading directly to humanitarian violations in the Yemen? Would you be prepared to intervene at any level?

**Liam Fox MP**: We are currently awaiting the court judgment, and as I am the Minister responsible for defending the JR I am not going to comment any further on that particular case. I am sure the Committee will understand why.
The Chairman: In this age of disruption, we have heard that trade and energy patterns are being completely disrupted, and I think Lord Reid would like to come in on that.

Q213 Lord Reid of Cardowan: Thank you, Secretary of State. I think your general approach is clear. It is the Adam Smith approach: not only do we benefit through trade but it builds the economic base for social progress and engagement to encourage people to go in that direction.

I want to ask you something a bit more specific. It is about the Gulf states themselves, which for other reasons want to diversify their economies. The price of oil declining, potential peak oil production and perhaps internal political reasons mean that they have to develop in a diversified fashion. What can the United Kingdom do specifically in those Gulf states, many of which have a similar vision to Saudi Arabia’s Vision 2030, to encourage that diversification and social progress? Secondly, what are the specific areas where the UK might benefit from that, as well as the Gulf states themselves?

Liam Fox MP: As is typical of Lord Reid, that is a good seven questions in one. I shall regard it as a menu to choose from.

Lord Reid of Cardowan: Three comments and two questions.

Liam Fox MP: Lord Reid is quite right. I am an admirer of Adam Smith. It is worth reading him again today, because he is as vital now as he was in 1776 and very useful, not least because he reminds us that trade is not just about producers but about consumers, and about giving consumers choice about what they buy, at what price and from whom.

On the Gulf, of course they are looking to diversification. The region lacks liquidity at present and UK export finance is very much sought after. We are putting 20 staff with UKEF-specific skills into key posts around the world, including in the region. We have also allowed UKEF to provide finance in a range of Middle East currencies. All GCC currencies are included in that, and we are increasing the market limit for UKEF to all the countries in the region by up to 100%, up to a maximum of £5 billion.

We have a very large number of companies operating in the region, but there are specific projects worth mentioning. In Dubai, for example, we have a partnership between Dubai South, the aviation hub that is being created around Dubai’s new Al Maktoum Airport, and the University of South Wales. It will be the largest airport in the world once it is open. The University of South Wales is setting up a training centre focused on advanced aerospace engineering. That is an example of where one of our educational institutions is carrying out economic activity that will be part of a mutually beneficial wider relationship. There are whole areas.

Another example is that, with Babcock, we have the contract for the new Duqm port in Oman. Michael Fallon was instrumental in pushing that forward. It is not only a major development but the Royal Navy will use it for our new carriers. We also have the potential for UK involvement in the construction of the new refinery there.

Getting involvement in one area allows involvement in different areas, such as security. It allows investment in hydrocarbons and the diversification of refinery capability in the region as a whole. It is quite a good example of where our specific investments will not only lead to in-country improvements but will offer
us opportunities as well as greater regional benefit. There are a whole number of areas where these opportunities are opening up, and we are trying to help British companies get into those contracts.

Q214 Lord Reid of Cardowan: A very brief question. Here, I declare a half-interest, as I have been coached on this previously. You mentioned cyber. The Emirates are fast developing in that area. Have we given any assistance or been approached to regarding the development of a cyber hub in the Emirates?

Liam Fox MP: We have had a number of discussions with a number of countries in the region. The tendency at the moment is for everybody to want to become the cyber hub for the region. That does not preclude us from talking on a country-by-country basis, but we are seeking to avoid massive replication. Many of the Gulf countries want to be the economic hub, but they cannot all be the economic hub. Many want to become the medical hub, but they cannot all become the medical hub. The same goes for the cyber hub, but that does not preclude us from discussing it and helping individual countries with their cyber agenda.

Lord Reid of Cardowan: But do we take the view, which you implied in one of your earlier answers, that it is better to assist these countries in the development of skills and competencies in their own nationals rather than export British companies or universities to them?

Liam Fox MP: It is more a question of using our expertise to help them to develop their own capabilities. That is the way in which we get a win-win. Obviously we can win contracts for UK companies and use our expertise to ensure that best practice is followed. However, it is very important that countries in the region develop their own professional skills and are not dependent on us or anyone else for their future capabilities.

Lord Reid raises the very important point that it can become a dependency relationship. That is not what we are seeking to achieve. We are seeking to achieve maturity in a number of sectors so that countries themselves can become more independent and more able to generate the sort of economic prosperity, stability and security upon which wider security depends. It is key that we do not see this as Britain creating dependencies but as Britain creating interdependent relationships.

Lord Jopling: One of the principal ways in which diversification could happen is through tourism. Dubai has been very successful in that aspect. Other countries have tried hard; I am thinking of Egypt and Tunisia, but in both those cases it has come to a grinding halt because of terrorism. Egypt’s economy has suffered hugely as a result of terrorist actions. Can the UK do anything to help countries that wish to develop tourism to find new and better ways of combatting terrorism, or is that almost impossible?

Liam Fox MP: That is rather more the territory of my colleagues in the security parts of government. However, it is a very vivid example of the link between prosperity, stability and security. Where one breaks down, so will another. It is clearly in the interests of the countries concerned to ensure that their counterterrorism co-operation and capability are increased. The UK is a ready and willing partner in that.
There are, however, some brighter spots in the region: countries that can show improvement in tourism. I have had discussions in Oman about the potential for tourism there, where tourism has blossomed due to the displacement of tourists from places such as Egypt because of recent events. There are opportunities to expand that. Anyone who has driven down the Omani coastline and who cannot see the possibilities for greater tourist development has not been looking at the same scenery that I have.

One of the potential developments down the coast in Oman is the Duqm development, where we are seeing major investment by the UK, which will require service infrastructure development and accommodation. It is likely to mean that with the new airport for example there is the potential to extend tourism. We should look at the opportunities to extend that. There is a limit to what we the UK can do about the security concerns of individual countries, but there are other places where we can help to exploit some of the potential that is as yet untapped.

The Chairman: Can we turn to Iran now? I am sorry that we are pushing on, but we do not want to take more than an hour of your time.

Q215 Lord Grocott: My question is on the Iran nuclear deal and the economic/trading/investment benefits that might have resulted from that. We have had evidence from people as varied as Normal Lamont and Jack Straw, both of whom have said in broad terms—I do not want misrepresent them—that the economic opportunities that might have developed as a result of that deal had not materialised in quite the way they might have done, both for the Iranians and for potential trading partners. Do you agree with that assessment? If so, what could or should the British Government do to free things up?

Liam Fox MP: It is certainly true that some of the market opportunities that the lifting of sanctions should have provided have not yet been realised. The financial sector here is still showing relatively limited appetite for re-engaging with Iranian entities and establishing banking channels between the UK and Iran. If our trade relationship with Iran is to increase, all of government needs to tackle the lack of banking channels. However, it is also important that Iran takes the necessary measures to ensure that it re-engages with the international banking system. There are two parts to the impediment, and that is one of them.

As part of our broader strategy for Iran, DIT officials have been leading efforts to get completed a handful of strategically important commercial transactions between the UK and Iran: Rolls-Royce, Airbus, British Airways, Vodafone—to name a few. We are working across government to try to get that to work, but I reiterate that while there is so much that we can do on our side there is also more that the Iranians need to do on their side to enable the benefits of the lifting of sanctions to happen. While we are absolutely resolute about the need to enforce the nuclear agreement, it would be beneficial if we were to see the economic elements that should flow from the lifting of sanctions become more widely spread inside Iran.

Lord Grocott: But presumably as far as the Iranians are concerned we made the agreement with them collectively because everyone thought it was in their interests. The Iranians’ sense of it being in their interests was very much, as I understand it, to do with the likely economic benefits that would result. It has
certainly been put to us that if no economic benefits result, the Iranians are bound to start asking what the point of all this is.

**Liam Fox MP:** From the point of view of ordinary Iranians, that would not be an unnatural question for them to ask. But, as I say, the Iranians themselves need to take some actions. I have commissioned a report in my own department seeking solutions for normalising effective payment channels so that we can help to open up some of the trading opportunities that undoubtedly exist there. That work is due to come back to me by the end of this calendar month, so I cannot tell the Committee at this stage exactly what we think that might produce, but when that report is made available to me I will be very happy to send its findings to the Committee, if that would be helpful to the UK in looking at opening effective financial channels, because unless we have the funding channels it will be very difficult for us to take advantage.

Again, I reiterate that it is also for Iran to re-engage with the norms of the international banking system if it wishes to take advantage of the lifting of sanctions.

**The Chairman:** That would be extremely helpful.

**Lord Hannay of Chiswick:** If the US Administration back out of the JCPOA or take action, or inaction, which means that they no longer implement it, we will stick with it, will we?

**Liam Fox MP:** I am afraid that is one too many hypotheticals for me in one session.

**Lord Hannay of Chiswick:** It may only be six weeks away.

**Liam Fox MP:** We cannot make policy on the hoof on the basis of what might happen. We will wait to see how the American Administration’s position develops. It will be appropriate to deal with the question then.

**The Chairman:** Let us get off the hoof and on to the long-term plan for China, which seems to dominate everything.

Q216 **Baroness Coussins:** Turning quickly to China, how significant for the UK might the further development of the One Belt initiative be, as well as a possible China-GCC trade agreement?

While we are on China, do you expect China to want to, or be able to, stick to its current view of its role in the region as strictly business and taking a non-interventionist stance on politics in the region?

**Liam Fox MP:** The latter rather strays into the territory of the FCO, which I am not sure would thank me for my opinion. On the trading side, clearly this is a multi-trillion pound project with enormous potential benefits that encompasses more than 65 countries. I will chair the joint economic and trade committee later in the year in Beijing, and under the auspices of our department we will host an expo in Hong Kong, at the very end of this year or the beginning of next year, with the specific purpose of setting out the fact that if there is all this infrastructure development there is also a need for concomitant service sector development, and the UK is very well placed for a lot of the investment that goes along with just the building of the hard infrastructure. We see that as a major opportunity. On 21 September this year, I will host the Think Asia, Think Hong Kong symposium, which again tries to get British businesses to recognise the
opportunities which the One Belt, One Road programme brings to us. There is a lot of opportunity for us there.

One of the things that my department will be working on will be to show different sectors of our economy exactly the sort of opportunities that they can take advantage of, and there are a lot of them. In the energy, environment and infrastructure sector, for example, there are our strengths in feasibility studies, governance projects and management architecture. There are huge opportunities for us there. In our financial and professional services, UK banks, law firms and consultancies are very good at managing the life cycle of a project and understanding all that. So there are great opportunities for us there, too. In advanced manufacturing, there is airport power, energy, smart city technology, and there is healthcare. Some of the infrastructure will have to come around these projects, and we have enormous potential to get involved there.

One of the things that we regard as a priority is getting businesses to understand just what a great opportunity this is for us to get into those projects. That is why we are setting up the expo: it is to give British businesses an idea of what is available and to give the Chinese and their partners an idea of what Britain could contribute. We need that to work in both directions. But the opportunities are enormous.

The Chairman: Secretary of State, you said at the beginning that you wanted development, security and trade to be treated together. We have one more question from Lord Inglewood on how that will work departmentally and mechanically in Whitehall.

Q217 Lord Inglewood: In your opening remarks you touched on how your department was the centre of things, specifically for the development of Middle East and north Africa policy. How are you involved in what is going on in Whitehall and with the Gulf strategy, which formed part of the 2015 strategic defence and security review? You are joining a lot of existing players and you are the new kid on the block.

Liam Fox MP: But we also carry a lot of the functions that other departments previously carried. For example, we have a role on export finance, which previously sat purely with the Treasury. In UKTI, both inward and outward investment and the selling of British goods and services abroad used to sit somewhere else. We are integrating into the government structures. The number of bilaterals is also increasing. I have regular bilaterals with the other key Cabinet Ministers involved, the Defence Secretary and the Foreign Secretary. There is quite a close level of working on that, as well as the formal elements at the NSC and what we do at Cabinet sub-committee.

I think there is a growing understanding across government, as I said at the beginning, that this is an unbreakable continuum and that we cannot operate policy on a Whitehall silo basis. We have to all work together in an integrated way or we cannot succeed, because we cannot disaggregate the elements that could lead to a constructive whole.

In the discussions that I have internationally, I make that point at every meeting I attend to the extent of becoming boring. It is essential that the international community understands that we have to co-operate in each of those areas.

Lord Inglewood: Do you mean us with other countries, as opposed to within our own domestic sphere?
**Liam Fox MP:** Yes, of course with other countries. You cannot wish global security but impede global prosperity. You cannot wish to enjoy the bits that you favour without contributing to all the parts. That is an argument that the international community needs to understand; it is a necessary corollary of the whole agenda of globalisation. Globalisation is not an option. To say that you do not like globalisation or do not support it is like saying that you do not support rain or do not believe in night time. It is the reality in which we find ourselves, and we have to find the tools to make it work. That requires a co-operation born of interdependence that I do not think we have ever had before.

**Lord Inglewood:** Do you find that other countries concur on that, both big and small, allies and less friendly ones?

**Liam Fox MP:** Not everyone is equally welcoming of the globalising agenda, but it is our duty to try to get that message across as best we can. If we believe it to be true, and I do, it is essential that we not only have cross-departmental working in the UK but cross-national working to ensure that the international bodies governing our prosperity and security—from the WTO to the World Bank and from the UN to NATO—all understand that we are now in an utterly interdependent relationship that cannot be disaggregated at political will.

**The Chairman:** Secretary of State, you have given us some powerful insights into your thinking on the novel and fast-changing situation around international trade and the realities of trade today, which is very different even from trade 10 years ago. The whole pattern is reforming. Thank you very much for that. I have a feeling that we need to go back and read Adam Smith and David Ricardo to work out how they fit in with the present situation. No doubt we will all do that tonight.

**Liam Fox MP:** Some things change less than others.

**The Chairman:** Thank you very much. You have been very helpful, and we are very grateful to you.
Dr Richard Haass, President of the Council on Foreign Relations (QQ55-71)

Transcript to be found under Mr Paul Danahar
Mr Haid Haid, associate Fellow, Chatham House (QQ 122-133)

Transcript to be found under Mr Hayder al-Khoei
Mr Tim Holmes, Regional Director, Middle East, Oxfam (QQ 101-113)

Transcript to be found under Ms Rebecca Crozier
Mr Michael Howells, Head of Near East Department, Foreign and Commonwealth Office (QQ 190-195)

Transcript to be found under Mr Neil Bush
1. What do you foresee are the key changes needed, or likely to come anyway, in Western, and especially UK, policy and perceptions towards the region?

1.1. President-elect Donald Trump has thus far revealed little of what his Middle East policy will entail. However, from what was disclosed throughout his campaign, we can expect a tougher US line on Iran, potential accommodation of Russia and President Bashar al-Assad in Syria in order to defeat ISIS, and a closer relationship with Israel and Egypt. The UK will need to adapt to the new reality being set in Washington, and assist in the shaping of the Trump administration’s policies in the region so as to not adversely impact Western, and UK, interests.

1.2. At a more immediate juncture, two key policy matters being considered by the incoming president have a direct impact on the UK: the JCPOA signed with Iran, to which the UK is a signatory, and engagement with Russia in Syria. A US attempt to withdraw from the JCPOA will have serious ramifications for regional stability, as it will embolden Iran’s hardliners, and encourage further belligerent behaviour from Iran, particularly with regard to its policies in Iraq, Syria, Yemen and Lebanon. Iran has not reached its limit as a destabilizing force in the region, and can do far more damage should it feel threatened. As a result of the JCPOA, Iran is now at a crossroads between shifting toward a responsible actor in the global community, and remaining a rogue regional power that sows discord. The UK may find itself diverging with a Trump administration in seeking to prevent the collapse of the JCPOA, but it will be necessary for its own interests and regional stability. Closer cooperation with Russia in Syria may result in the winding down of the war, should the US withdraw support for the Syrian opposition and agree to a deal that retains Assad. The immediate benefits to the UK are that refugee outflows from Syria will likely decrease, and ISIS will lose its territory in Syria. The conditions that serve extremism and instability will, however, remain with the retention of the Assad regime in power.

2. What are the critical shifts in the engagement of external powers (US, UK, China and Russia for example)? Is the region now looking more eastwards than to the West, and to growing Asian markets?

2.1. The decline of the US as the predominant power in the Middle East has prompted a monumental shift in the regional order, and created space for new actors to move in. The shift, which is still in process, has created a contest between regional powers seeking to expand their influence and redefine the Middle East’s new order post-US hegemony. Global powers, in particular Russia, China and India, are seizing on this opportunity to expand their foothold in what was traditionally considered a sphere of American and Western influence. Russia’s direct intervention in Syria will ensure it has a major say in the post-war settlement of that country, and in all regional affairs from hereon. It is also cultivating closer military and economic relations with Egypt, Turkey and Iran, while
maintaining cordial relations with Israel and the GCC. All regional powers now recognize the importance of Russia as an influential player in the region.

2.2. China and India have also made significant inroads in a region where they have previously held little influence. Asian powers source most of their oil and gas from the Middle East, and similarly, Asia is the main destination for Middle Eastern oil exporters. Beyond that, however, China is pursuing a multi-dimensional approach to expand its ties with the region along the lines of its One Belt, One Road vision—major trade and infrastructure deals with Egypt, Iran, and the GCC, and improved military ties with Iran and the GCC. India is similarly looking to play a bigger role in the Middle East, as it develops stronger economic relations with Iran (particularly its key investment in the North-South Transport Corridor), as well as with the GCC and Israel.

2.3. There are several interests in Middle East-Asia relations that are currently intersecting. First, the region is aware of the perceived lack of interest from Washington in retaining its preeminent role in the Middle East, which does not appear likely to change under a Trump administration, and are thus looking both eastward and northward (to Moscow) to diversify their relations as insurance against the uncertainty in US and Western policy. This comes at a time when Russia, China and India are each looking to grow their presence in the Middle East. Secondly, the transformation of the global energy market to reduce dependence on fossil fuels has precipitated a significant diversification drive among the region’s key economies, in particular the GCC and Iran. With the US becoming energy independent, Asia’s importance to the economic viability of oil producers in the Middle East has become paramount. It is also an essential source of no-strings-attached finance and investment in assisting regional economies diversify.

3. How are sub- and supra-state actors (religious, tribal, regional, local and civil society) shaping the politics of the region? What is the relationship between these groups and ruling elites? How are these non-state actors being empowered and weaponised, and what is their future role in the region?

3.1. Non-state actors have risen to prominence largely as a result of the policies of major regional powers. It has become a hallmark of Middle Eastern policy to cultivate and aid non-state actors in neighbouring states to subvert rivals, often as a defensive measure to deter threats. For example, Iran created Hezbollah as, essentially, an insurance policy against a direct Israeli attack, which eventually enabled the Iranian nuclear program to proceed as far as it did. The policy continues to be deployed by all regional powers—Saudi Arabia, Turkey and Qatar in Syria with Sunni opposition groups; Qatar, Turkey, Egypt and the UAE supporting rival factions in Libya; Iran’s vast network of non-state actors, from the Houthis to the Popular Mobilization Units in Iraq and Palestinian Islamic Jihad, and so forth. While, indeed, such non-state actors tap into local grievances and exploit socio-economic cleavages, such as sectarianism, ethnicity and class, they most certainly would not be in such prominent positions in the region were it not for the support they receive from regional governments.
3.2. Thus, the question of the power of non-state actors in the Middle East should be directed to the regional governments who have long pursued this strategy as a deterrence measure. UK policy should be geared toward addressing the security and trust issues between regional governments that would prompt them to adopt such a destabilizing and destructive policy.

4. How has the nuclear deal with Iran impacted upon regional relations, particularly with Saudi Arabia? What impact has this had on other states in the region?

4.1. The nuclear deal was met with fury in Riyadh. The Saudis are concerned the deal granted Iran free rein to continue, what Saudi sees as, destabilizing activities that threaten the Kingdom. More importantly, the nuclear deal is seen through Riyadh’s eyes as an abandonment by the US and the West of Saudi Arabia’s security concerns. From Saudi’s perspective, the Kingdom is surrounded by belligerent Iranian activity—the support for Shiite militias in Iraq, Houthi rebels in Yemen, the Assad regime, and Hezbollah. This sense of insecurity is driving Saudi Arabia’s assertive policies in the region, as it feels compelled to demonstrate force to counter Iran’s regional ambitions.

4.2. However, not all regional states share a similar perspective, including some GCC states. Oman and Qatar have used the JCPOA as an opening to develop economic ties with Iran. Turkey and Egypt, both Saudi allies, also remain engaged with Iran. Economic integration between Iran and the rest of the region is perhaps the best method to moderating Iranian regional policy, as it empowers the economically-focused moderate government in Tehran against the hardliners who advocate a more ideological, belligerent regional policy. The JCPOA has developed room for this to occur, and with its regional allies shifting to a position of economic engagement and accommodation of Iran, the avenues are open for Saudi Arabia to pursue a similar path and, thus, reduce tensions in the region.

5. What are the prospects for enhancing human rights throughout the region?

5.1. Trump has indicated that human rights and democracy promotion in the Middle East will not be a priority, which will be welcome news to authoritarian leaders in the region, but be frowned upon by the Arab street. A large source of anti-Americanism (and anti-UK sentiment as an extension) stems from a region-wide perception that Western powers underwrite the regional autocratic order. With Arab states either in transition or upheaval post-Arab Spring, reinforcing this stereotype risks exacerbating the public animosity held toward the West and deepening regional woes. A civilian policy approach—such as assisting regional states with developing good governance, and encouraging political and economic reforms—is essential to addressing the conditions that fuel instability, the breakdown of states, and extremism. It may perhaps be conducive to tie domestic political and economic reforms (civilian policy) to arms sales and training (military policy) as a means to pressure regional states to reform. Western military technology and hardware is still the most sought after on the international market, and certainly preferable to Russian and Chinese equivalents. As a major arms supplier with strong relations with a number
of key regional states, the UK can take the lead in exerting pressure on its allies to improve human rights.

6. What is the impact of technology on the politics of the region? How is a younger generation throughout the region interacting with politics? How are they using technology to engage with politics or to catalyse new movements? What are the main concerns of the younger generation?

6.1. More than half of the region’s inhabitants are under 25. Statistics cannot be refuted, and trends, although perhaps not linear, continue in motion. The Arab Spring demonstrated the significance of three key global trends that could not be overcome by the regional autocratic order, which had defined the Middle East for eight decades: the globalization of communications; the globalization of technology; and the globalization of ideology. The internet revolution leaped into the Middle East, and bypassed the walls that Arab governments had used to construct closed societies. The advancement in ICT brought with it a set of universal ideas—democracy, civil liberties, human rights—as well as vast knowledge that had previously been denied to local populations via stringent censorship. Technology, and in particular the onset of the internet and smartphones, took the keys of information away from the region’s autocratic governments. They could no longer determine what information reached their populations, whether via media or the education system. ICT has also enabled the region’s inhabitants, fragmented by borders, to connect and cooperate. This was clearly evident during the Arab Spring when activists from a number of Arab states developed strong working relationships via online means to further a similar message of revolt against the establishment. These trans-regional youth networks remain active today, and are manifesting in simultaneous political movements in various regional countries, such as Beirut Madinati in Lebanon, the secular anti-corruption movement in Iraq, the new secular Ma’an parliamentary bloc in Jordan, and similar groups in Tunisia and Egypt.

6.2. The negative aspect to the impact of ICT in the region is that extremist groups have also caught on and are using the same tools to promote a competing set of values. But the issue here is not in the technology being deployed, but the conditions that exist in these countries in which such extremist ideas may find appeal. The youth unemployment rate in the Middle East and North Africa is 28.2% and 30.5% respectively, well above the global average of 13 percent. The lack of economic opportunity coupled with the suppression of political expression results in a major breeding ground for extremists. ICT provides a small window to express political thought, but it does not address the economic despair and poor quality of life that continues to fuel political upheaval.

Submitted 18 November 2016
The Rt Hon Boris Johnson MP, Secretary of State, Foreign and Commonwealth Office (QQ134-147)

Thursday 26 January 2017

10.30 am

Members present: Lord Jopling (Chairman); Baroness Coussins; Lord Dubs; Lord Grocott; Lord Hannay of Chiswick; Baroness Helic; Lord Inglewood; Lord Purvis of Tweed; Lord Reid of Cardowan; Baroness Smith of Newnham; Lord Wood of Anfield.

Evidence Session No. 12 Heard in Public Questions 134 – 147

Witnesses

I: Rt Hon Boris Johnson MP, Secretary of State, Foreign and Commonwealth Office; Sir Simon McDonald, permanent Under Secretary, Foreign and Commonwealth Office; Dr Christian Turner CMG, Acting Political Director, Foreign and Commonwealth Office.

Examination of witnesses

Rt Hon Boris Johnson MP, Sir Simon McDonald and Dr Christian Turner.

Q134 The Chairman: Foreign Secretary, we are delighted that you have been able to find time to join us this morning. You may have heard that Lord Howell was taken ill last night. He is in hospital and I have been asked to take the chair. We are particularly pleased to see you. You will know that this is a new Committee. The House of Lords has never had a proper International Relations Committee until this one. There has been a great deal of pressure over the years to create one. We are particularly grateful that in the first year of our existence you have been able to come and talk to us.

I have two or three housekeeping notes. You will know, of course, that this is a public session. A webcast will go out live. There is a video transmission that will be accessible on the website. A verbatim transcript will be taken, and in a few days we will send it to you to check for accuracy. It will also be put on to the parliamentary website in due course. It would be helpful if you would advise us of any corrections as quickly as possible. If, after this evidence session, you wish to clarify or amplify any points that you have made, please let us know.

I shall ask the first question. The Committee’s view is that the world at the moment is suffering from a series of significant and interconnected changes, with a new United States President, with Brexit and a resurgent Russia, to name just three and to say nothing of terrorism. All have implications for an increasingly fragile Middle East, as well as for the United Kingdom’s international standing. Do you agree with the view of the Committee, and how do you think the UK should respond to these challenges?
Rt Hon Boris Johnson MP: Thank you very much, Lord Jopling. Perhaps I can just get the ball back over the net by saying that I think you are right to pose the question in that way, but I think we are very well placed. I shall begin, if I may, by defining a concept—a slogan, a strapline, a theme song—that we have now in the Foreign Office, which is about “global Britain”. I believe that it will be a ubiquitous and ever more justified way of thinking about how we respond to the challenges that you rightly describe.

The world has obviously changed since the days when, out of my office, George Nathaniel Curzon and others ran an empire seven times bigger than the Roman Empire at its maximum extent under Trajan. Everybody remembers the way we acquired that empire: of the 198 countries in the UN, we have invaded or conquered 171 in the last 300 years. Most of my generation grew up thinking that those days were mercifully behind us, but also that Britain was in a long, slow glissando of post-war, post-imperial decline, introversion and shrinking horizons. My view is that today, in 2017, it is quite remarkable to see how our perspectives are in fact widening, and how global we really are. It is not just that we are still this, or still that. We often say that we are still a P5 country, or we are still in the G8. The fact is that UK Armed Forces are deployed in 80 countries around the world. The nearest relevant comparator is, of course, the French, who I think are deployed in eight countries.

More significantly even than that, we have the biggest diaspora. There are more Brits abroad than are citizens of any other wealthy country, if you see what I mean. Of the diplomats, traders, businesspeople, teachers, artists and aid workers, of the British people now alive and born in this country, one in 10 is living abroad. That is an extraordinary global footprint and an extraordinary reflection of our culture and influence. To get to the questions that you rightly pose, there are three reasons for thinking that our international standing and role will not diminish; quite the reverse. First, as you say, we have a new Administration in the White House. Far from being at the back of the queue, we are now at the front of the line with the Trump Administration. It is very significant that tomorrow Theresa May will become the first British Prime Minister to be received in the White House by a new American President in his first week of office. I am very hopeful for the relationship that they will forge.

The second reason relates to your mention of Brexit. We are once again able to reach out around the world and forge new trading relationship after 44 years of being unable to exercise those prerogatives. I am one of those who believe that free trade has lifted billions of people out of poverty around the world. It is a great shame, in my view, that global trade is now not rising as fast as global GDP for the first time in a very long time. I am concerned about that and I think that Britain has the potential to be the number one agitator and campaigner for free trade.

The third reason for being confident is that we have colossal soft power. We have a quite extraordinary reach. The city we are now in attracts more international visitors than any other tourist destination on earth. There are museums in this town that get more visitors than some European countries that I will not name—this is my legendary diplomatic finesse. It is also true that of the kings, queens, Presidents and Prime Ministers now alive, one in seven was educated in this country. That is a massive asset for our country and one that I propose to hang on to. Look at the number just of Chinese students in London: there are 100,000, which is more than in any other city in the world outside China—where
they obviously have a lot of Chinese students. It is a reflection of the popularity and, as I say, the cultural footprint of our country.

I make these points about global Britain not in a bragging way. The objective is not just to demonstrate our cultural, economic and military footprint but to show that these things are of value to the world, but also to the United Kingdom. I believe they bring huge practical benefits to everybody in this country, because a safer, more stable world is in our interests; a world in which we work together to combat the threats that we face—security threats and terrorism—is profoundly in the interests of everybody in this country. Of course, it is the growing economic and commercial opportunities that global Britain can help to generate that will bring us long-term, sustainable prosperity. That is the global Britain agenda, and I hope you do not mind that I set it out at some length to you this morning.

The Chairman: That is very helpful. Lord Hannay would like to ask a brief question about the overnight news.

Q135 Lord Hannay of Chiswick: Foreign Secretary, I have to admit that having worked for 11 years for Margaret Thatcher I do not quite recognise the long glissando.

Leaving that on one side, overnight the new President made statements to ABC that showed pretty fundamental disregard for a whole number of the United States’ international obligations, specifically under the torture convention, under the convention for refugees and under its obligations to pay assessed contributions to the United Nations, both for peacekeeping and for the regular budget. Given that the Government’s position, which this Committee shared when we produced our first report on the UN, is that the rules-based international community is a major asset for Britain, would you comment on this process of dismantling the rules-based international community?

Rt Hon Boris Johnson MP: Thank you, Lord Hannay. It is a great pleasure to be interrogated by you, since I remember many happy hours when I did my best to try to interrogate you in Brussels. May I just say at the beginning that the long glissando was something that I remember as a child, which, since I am such an old chap now, was before Margaret Thatcher came in? If anything, I think that a lot of fair-minded people—I am looking nervously around the Committee now—would say that the roots of Britain’s post-war recovery were put down in her time. I certainly remember your sterling efforts during that period.

On the overnight news from Washington, we have to be very careful; I do not think we have seen any official policy changes or pronouncements. On the matter of torture, to which you rightly draw attention, the Prime Minister made the position of the Government very clear yesterday in the House of Commons, and that is unchanged.

Q136 The Chairman: Shall we move on? I shall ask you to make a few comments on the situation in the Middle East. As you may know, this Committee is conducting an inquiry into the Middle East at the moment. Will you say a few words about it?

Rt Hon Boris Johnson MP: Yes, I will make a few general points. The Middle East as a whole is in considerable turmoil across many countries. Sometimes we have to be careful not to analogue too much between each case; each country will have its own particular set of problems and they all need addressing.
individually with careful thought and engagement. Looking particularly at the situation in Syria, where suffering has been most acute over recent years, you talked earlier about a resurgent Russia. I think we need to define our terms when we talk about a resurgent Russia. The Russian economy is not particularly resurgent; nor, indeed, is Russian population growth. There are many valid criteria by which you might say that Russia is not a particularly resurgent place. It is certainly the case, however, that Russia has intervened in Syria to a considerable effect. It preserved the regime of Bashar al-Assad and is now instrumental in leading the talks that have been going on in Astana, and in the current ceasefire. To the extent that the Russians are capable of getting a ceasefire and stopping suffering, that must be rated a plus, although it comes, of course, after a pretty brutal and barbaric bombardment of Aleppo and other places, which they facilitated, or, I am sure, perhaps even participated in. Russian involvement in Syria is a fact of life. We left the field open to Russia in 2013 when the House of Commons decided not to honour its commitment on the use of chemical weapons. The way forward, I suggest, is that there must now be some political solution. That must involve a negotiation. It is important that the High Negotiations Committee, the broadly based Syrian opposition, should be involved in that. I now think that we are getting to the stage where some sort of democratic resolution has to be introduced.

The Committee will be aware that the last time Bashar al-Assad had an election in Syria, his only opponent concluded his eve-of-poll rally by urging everybody to vote for Bashar al-Assad, so it was not exactly a triumph of democracy. I would hope that it would be possible to have a plebiscite or an election, properly supervised by the UN, in which all the 11 million displaced persons, including the 4 million who are now outside Syria, are fully entitled to vote. That might be the way forward. We believe in democracy, we support democracy, and if there is a political solution I do not think we can really avoid such a democratic event. I think that is the way forward.

The Chairman: We shall have a number of further questions about the Middle East—in fact, that dominates our questions—but before I ask Lady Smith to ask the next question, Lady Helic wants to come in on what you have just been saying.

Q137 Baroness Helic: Thank you very much for coming, Foreign Secretary. Last week, we had an opportunity to speak to Dmitri Trenin, who is one of the leading Russian experts. When he spoke about Syria and the ongoing talks in Astana, he tried to make a comparison between the Dayton peace accords and the Russian plan for Syria, which presumably will be based on decentralisation. The talks would need to be supported by countries that were not at the table in Astana—that means us, the United States et cetera. For the Dayton peace accords to succeed, or at least not to collapse, in 1995, we needed 65,000 NATO troops on the ground. Who do you think will police and implement the Syrian peace talks, and do you think that there is a place or a role for the British Armed Forces?

Rt Hon Boris Johnson MP: Of course, the British Government and the House of Commons have been very clear that they do not want to engage British forces on the ground in any firefights in Syria, so that is something that we have ruled out, rightly or wrongly. When it comes to the implementation of a Dayton-style accord for Syria and the introduction of some federal solution, which may indeed be the right way forward, or the only way forward, at the end of all this, I can
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certainly imagine that the UK, with its formidable track record as peacekeepers—if you look around the world, we are a huge player in that area—would want to be involved in that.

The Chairman: I will call Lady Smith to ask a question, and then a number of people want to come in with supplementaries.

Q138 Baroness Smith of Newnham: Foreign Secretary, you have talked about the fact that, when you were growing up, you felt that the UK was in decline. One thing that you were keen to talk about in Bahrain before Christmas is that the UK is now back east of Suez. You talked rather evocatively about 1968 and how that was the point of decline when we had retreated from east of Suez. How do you envisage that new role emerging? You talked about the number of troops that we have in the Middle East. I had the opportunity to visit HMS Juffair the week after you did and there is a sense of activity there. As you mentioned, the UK has military based in 80 countries already. That is a significant commitment for our forces. What scope do we have to develop east of Suez? Is it more than rhetoric? What is our defence budget going to be able to cope with? In particular, in light of the cuts to the Foreign and Commonwealth Office over recent years and the stretch for the Civil Service in dealing with Brexit, what capabilities will we have to deal east of Suez?

Rt Hon Boris Johnson MP: Thank you very much for that question, Baroness Smith. I believe that this is a real phenomenon and I have been very struck by it. The military investment in the Gulf region alone is, I think, the second biggest outside NATO—£3 billion over 10 years. I am glad that you went to see HMS Juffair. I talked to a sheikh in one Gulf country who said, “You left us when the flag came down”. It was in my lifetime that the flag came down in the Trucial States. “You left us for the French”, he said. There is nothing wrong with that, of course; they are wonderful European colleagues of ours. But I think that it was a wasted opportunity and we are now making the most of it. If you look at that area, exports to the Gulf alone are the fastest growing in the world. It is our biggest growth market. I am happy to supply the Committee with the figures, but they are quite astonishing. It really is the case that we have exported sand to Saudi Arabia; I do not know whether that is still true, but we have in the past. That kind of thing continues to grow.

Looking further east, when Kipling said, “Ship me somewhere East of Suez”, he was thinking of Burma—“By the old Moulmein Pagoda”, I seem to recall. In the Far East and south-east Asia, you can also see the British presence. You will have seen in the recent SDSR how we are one of the few powers that is committed to deploying more than 7,000 miles—our naval commitments are capable of getting out there. We had the recent deployment of the Typhoons, you will recall, to Korea and to Japan. When the two new aircraft carriers are complete, their first mission will be up through the South China Sea, which, as the Committee will know, is an area of great contention at the moment. So we are there.

It is important not to be vainglorious about this or to overstate what we can do, but on the other hand it is important not to minimise it or to run ourselves down. It is the commercial opportunities as much as anything else that I see. These are huge, growing economies. We have still—I have tried to ban the world “still” in the Foreign Office, so I should say that we have a growing—what is the word
that I want?—cachet or lustre. The idea of doing business with Britain captures people’s imaginations and we should capitalise on it.

**Lord Purvis of Tweed:** My question follows on from Lord Hannay’s question, to which the Foreign Secretary’s response was to wait and see whether there will be executive orders to review torture and potentially to reopen black sites. Why will the Prime Minister not take the opportunity to rule out categorically the UK’s support for such an action and to say that, if that action does happen, the UK and all its agencies and bodies will have no part in any of that operation?

**Rt Hon Boris Johnson MP:** If I may remind the Committee, the Prime Minister answered that question in the House of Commons yesterday. She was very clear that our principled objection to torture remains unchanged. The Committee must draw from that the conclusions that it needs to.

**Q139 Lord Reid of Cardowan:** Good morning, Foreign Secretary. I want to bring you back to Britain’s role in the Middle East, but first I think that you perhaps misspoke when you said that the British Parliament remained on its red line on chemical weapons. From memory, that was the red line of the American President, not the British Parliament. The decision may have been right or wrong, but what happened afterwards cannot be justified on that basis.

On the Middle East, you said that our role is not diminished. I wonder if that is entirely accurate. It may be that, as you said, we are back east of Suez, but we are not, as you said in your opening remarks, somewhere south-east of Moscow, specifically Astana, where the initiatives have been taken to bring some sort of faltering peace to Syria. That is being done by Russia, of course with other powers. It is not just in Syria that Russia is emerging as a stronger power, notwithstanding its lack of population growth, which you pointed out. The Russians are also in Libya now. They played a brokering role between Saudi Arabia and Iran over the oil discussions, although they themselves are not in them. So the question is: how do you perceive what I think is the objectively verifiable growth of Russian influence in the area vis-à-vis our role in Syria, Libya, between the Gulf states and Iran, and so on? Secondly, how might that be affected if, for instance, our closest ally has as its objective unravelling the Iranian nuclear deal?

**Rt Hon Boris Johnson MP:** There are a lot of points there, Lord Reid. I will go back to the last August decision of 2013. There was no question in my mind that we had decided that if Assad had been plainly convicted of using chemical weapons against his own people, he deserved some form of intervention. What was being proposed was, as I recall, a really rather modest plan to put beyond use certain facilities that he had for the making of chemical weapons. That was the question that was put to the House of Commons, and it decided not to go ahead with that. My own view is that that was a game changer that led to the American decision not to participate in any kind of action against Assad. A couple of years later it allowed the Russian intervention.

It is very important to be balanced in this. The Russians are certainly, as I have said before, up to all sorts of nefarious activities, whether it is cyberwarfare or what we have seen in Montenegro, where they attempted a coup, or possibly even an assassination, against a European state. Obviously we have seen what
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they have done in Ukraine and the brutality of the action that they supported in Aleppo.

There is no question that Russian behaviour has in many ways been reprehensible, but we are not in a new cold war. As I said to the House of Commons Foreign Affairs Committee, it is important that we keep the right mindset about this. We have to engage with Russia, we have to talk to the Russians. We cannot endlessly push them away and demonise them. If, at Astana, they can produce some progress, if they can get a negotiated ceasefire that leads to a political settlement that leads to some sort of democratic arrangement that transitions away from Assad, in my view that might not be a bad thing. We should be open intellectually to the possibilities of what they can achieve. We have to be sceptical, and we have every reason to be pessimistic. It is my view that if Assad, by some extraordinary mischance, were to continue in power, he would find it very difficult to command the support of the people of Syria, given what he has done to his people. But I think we have to approach it with a certain amount of intellectual humility.

In other spheres where you see Russian activity—you rightly mentioned Libya—let us see what exactly comes of that. I think we all want to see a reconciliation between the GNA and General Haftar, and progress in Libya. The crucial thing in Libya would be for the two sides, East and West, to come to a joint understanding of the good of the country. We are still hopeful that General Haftar can be persuaded that he can be a big part of the future of Libya but without necessarily having to be a new jefe, as it were. That is what we hope we can achieve. If, by talking to the Russians about that, and of course the Egyptians, we can make progress on that, that again does not seem to me to be a foolish way forward.

I think my answer to your question is, yes, we must be vigilant about Russia, and we must be very guarded in the way we engage with Russia, because plainly Vladimir Putin has many revanchist feelings. He feels that the end of the Soviet Union was a disaster; the biggest catastrophe of the 20th century, I think he said. That is not how I see it. That is not how many of us see it. We see the liberation of the people of Eastern Europe as one of the greatest things that happened in our lifetimes. But we have to realise that he sees it differently, and we have to have a twin-track approach towards the Russians: vigilance; toughness; firmness, particularly when it comes to Article 5 of the NATO treaty and being resolute in the defence of our fellow NATO members; but also engagement.

In so far as Vladimir Putin wants respect and wants Russia to have respect, I do not think that any of us should quibble with that. People are entitled to respect, but they should also be treated with a great deal of caution and firmness when they behave badly, and there have plainly been occasions in the last few years when Russia has behaved very badly indeed.

The Chairman: Lord Inglewood has a question.

Lord Inglewood: My question has been asked.

Lord Wood of Anfield: Good morning, Foreign Secretary. I have a very quick follow-up question to Baroness Smith’s questions about President Trump’s executive orders. Do you think it is acceptable, under international obligations shared by the UK and the US, to have a ban on refugees from certain Middle East countries?
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*Rt Hon Boris Johnson MP*: Forgive me, Lord Wood, but as far as I am aware, there has not yet been such an order.

*Lord Wood of Anfield*: I am asking you about the principle.

*Rt Hon Boris Johnson MP*: I do not want to disappoint the Committee by retreating too much into this formula, but we have not yet seen the legislation brought forward. Rather than get into some sort of hypothetical dispute, let us see exactly what the proposals are.

*Lord Reid of Cardowan*: If you were the responsible Minister, as you are, in a leading role in the British Government, and you had 6,000 troops and thousands of your own workers in a given country, do you think it would be wise to declare that you will not allow any immigration from that country, given the potential effects on your citizens in that country?

*Rt Hon Boris Johnson MP*: I am sure, Lord Reid, that your point will be heard loud and clear in Washington and will echo in the State Department and the White House, as it deserves to do.

*The Chairman*: Lord Purvis wants a second bite on this one.

*Lord Purvis of Tweed*: Foreign Secretary, you have said that you expect there to be a greater role within the region; that we are back. How will that be reflected in a diplomatic capacity? Will that be followed by an increase in the budget for diplomatic presence in the region, and what will that be? So far, the trend has been a reduction rather than an increase.

*Rt Hon Boris Johnson MP*: You are absolutely right, Lord Purvis, to point that out. The Foreign Office does an extraordinary job with what it has. We have the second biggest footprint of any diplomatic service, and we do it with, I think, three-quarters or two-thirds of the budget of the French foreign service, so we are a very lean, mean fighting machine. I draw strength from the fact that your point of view is shared by my predecessor in my office as Foreign Secretary, who now happens to be the Chancellor of the Exchequer, and I think he would agree with you.

*Lord Purvis of Tweed*: That will be reflected in an increase in the Foreign Office budget, will it?

*Rt Hon Boris Johnson MP*: That is certainly my view. Never mind the Middle East, there are all sorts of parts of the world where we have been doing a huge amount with very little, and a global Britain needs to be properly projected and assisted with a really first-class network. We have a first-class network, but obviously one of my functions is to lobby for more funding.

*The Chairman*: I must say that all my ministerial experience teaches me that any expectations of generosity coming out of the Treasury are totally misplaced.

*Rt Hon Boris Johnson MP*: I totally agree with you, but the arguments are quite strong.

*The Chairman*: They always were.

*Rt Hon Boris Johnson MP*: I remember going in as Mayor of London and being told by my officials, “Don’t even bother”. I came out with an extra £200 million for TfL and the Treasury never forgave me.

*The Chairman*: Nor have the taxi drivers.
Baroness Coussins: Good morning, Foreign Secretary. In your Chatham House speech in December you said that you wanted to see a new and productive relationship on security with European partners. Could you spell out a little more how you hope to see that working in practice in a post-Brexit world, specifically on defence and security, including in the Middle East? Alongside that, could you say whether the level of engagement that you would like to see would require additional resources being invested in bilateral relationships?

Rt Hon Boris Johnson MP: First, on the architecture of our contribution to European security and defence, there is no reason at all why all the stuff that is done for instance on the fringes of the Foreign Affairs Council—co-operation within the EU framework—could not be done at an intergovernmental level and between us and the EU bilaterally. I can think of all sorts of ways in which we could, as it were, be bolted on, for instance in discussions about sanctions, or whatever it happened to be. My Dutch counterpart, Bert Koenders, said that in leaving the EU the UK is depriving the rest of the EU of 20% of its GDP, 25% of its military spending and 30% of its overseas aid budget. That is not true, because we are not leaving the EU in that sense; we will continue to be part of Europe and it is vital for the Community to understand that. We will continue to be contributors to overall European security; we will be there, we simply will not be doing it through the existing treaty system. It does not take much imagination to think of a new pillar structure with a new entablature or architraves, or whatever you need to contrive in order to produce that kind of outcome.

You asked a second question.

Baroness Coussins: It was about resources being invested in bilateral relationships.

Rt Hon Boris Johnson MP: Yes, on bilateral relationships and on resources. I do feel, although colleagues from the Foreign Office may disagree, that the EU system, which has its strengths and, I believe, as you know, its weaknesses, has meant that an awful lot of diplomatic energy has gone into conversations around the table in Brussels, and perhaps less in some EU capitals and countries in the bilateral relationship and in basic bilateral diplomacy. My feeling is that some of the embassies in other European capitals have been a bit run down in their engagement in what is really happening in that country. So I do want to see that beefed up.

Sir Simon McDonald: I will add one point of fact. We have already made one change, a small change but I think an important one; we have looked at the seniority of our ambassadors across the EU, and we have upgraded seven who were more junior than SMS. As the Foreign Secretary says, when we are outside the EU, more of our relationships will be run bilaterally, so we are preparing for that.

Lord Reid of Cardowan: Foreign Secretary, I have a question specifically on defence. You have been typically generous in your speeches to our European allies by allowing them the fact that they may develop on their own after Brexit, but you have not been specific about how you see Brexit affecting NATO itself. Will you comment on that?

Secondly, having looked for something on which we might agree with President Trump, which is more difficult than it appears, on the 2%
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obligation of European allies towards NATO he has made it plain that he
expects people to step up to the plate. Would you give him wholehearted
support on that issue?

**Rt Hon Boris Johnson MP:** I would, and I am sure that that is a point that
Theresa will make tomorrow in capital letters. We totally agree with that. We are
the second biggest funder overall and even one of the biggest per capita funders
of our common defence. We believe strongly in NATO as the vehicle for the
defence of the West. Yes, the President is right in the sense that NATO needs to
evolve and needs to think about how to address terrorism. What NATO is doing
in Afghanistan is very interesting and important, but it needs to keep refreshing
its game. You say that I have been generous in my speeches. I am always
generous in my speeches, but I have no fears about the EU's plans for further
and intensified defence co-operation, because I, like you, John, have been here
and we have seen this many times over the decades. We all remember that
when they are looking for another great impulsion towards a new federal project,
defence is the one that they reach for. It has not in the past ever added up to
very much, to be fair. I do not see any really striking new EU defence
architecture being created.

Generally speaking it has been the French who have been in the vanguard of this
and they have been absolutely clear. Jean-Marc Ayrault, my French counterpart,
said that we should be absolutely clear about this, because Federica Mogherini
and the others are thinking of ways of developing Europe's defence architecture.
He said that there should be no Euro army, nothing to undermine NATO and
nothing that could be construed as protectionist in European defence
procurement or putting up barriers in any way. Those sound to me to be pretty
reasonable criteria. If they want to go ahead with something that encourages the
rest of the EU to spend more on defence, I am all for it.

**Lord Hannay of Chiswick:** I welcome what you said about foreign policy co-
operation with the European Union, because it is going to be very important, but
have you had any indication of whether the other 27 member states share that
view, and whether they are prepared to look in a completely innovative way at
an external relationship that is quite different from the European Union's external
relationship with any other country? Do you not think that being openly critical of
them in public makes that rather less likely?

**Rt Hon Boris Johnson MP:** That is a very interesting question. I have found so
far that this is one of those areas of discussion where people simply take it for
granted and move rapidly on. Perhaps they should not, by the way. Perhaps it
will turn out to be more complex than we currently think. Perhaps there will be
difficulties that we have not yet foreseen, but most people I have talked to, in
Berlin, Paris or anywhere, think that we are so plainly a massive net contributor
to the European defence and security economy, if you like, that they can see big
advantages in our staying very closely plugged in.

The controversial subjects are more about the customs union or the single
market—about money—as I am sure you know. In the end, I expect there will be
a long conversation about money. Those are the difficult areas. You may be right
that some heavier lifting might have to be done now just to make sure that we
are not being complacent about that question.

**The Chairman:** We have had three rather general questions. We now have four
more questions. A number of Members want to ask other questions, and I
suggest to them that they squeeze their questions into the more detailed questions that are to come. Lord Grocott, would you like to say something about Israel?

Q142 **Lord Grocott:** Foreign Secretary, I have a question on the Middle East peace process, assuming that it is functioning. In December, Britain supported the UN resolution, as you know, which among other things called for a halt to Israeli settlement activity. On Tuesday this week, Israel approved 2,500 new settlements on the West Bank. Just prior to that, 566 settler homes in East Jerusalem were approved. I understand that your colleague, Mr Ellwood, has said that the activities were contrary to international law and an obstacle to the two-state solution. If, as appears to be the case, Israel is not minded to take much notice of the views of the international community on this, what steps, if any, should the British Government and/or the international community take to try to get the peace process back on track?

**Rt Hon Boris Johnson MP:** As you know, the Middle East peace process has been bogged down, static, paralysed for some years now. I believe that that is a great tragedy for both sides. That was why I thought that Resolution 2334 was balanced. I know that it has been seen as too hard on the Israeli side, but I would just point out that there are two problems. The first is that, yes, the settlements make things more difficult and more complicated. They are an impediment to a resolution and they aggravate the tensions. There is no question about that. That is why we have been consistent in our approach and the Government’s policy is unchanged.

I thought that Resolution 2334 at least contained some new, important language about the effect of Palestinian terrorism and the very real security fears of the Israeli public, which we also have to bear in mind. The only solution is for the Palestinian side to stop their terrorism and to find ways of bringing their radical groups under control, and for both sides to get round the table and seriously negotiate it. We all know, and I think people have known for a long time, what the broad outlines of such a settlement could be and how you could imagine land swaps to produce a two-state solution. It is one of the world’s great sadnesses at the moment that we seem unable to get there.

Obviously, I hope that a new approach from the Trump White House might break the logjam, paradoxical though that might seem now to those who believe that the Trump Administration will come down very firmly on one side rather than the other. My advice would be: let us wait and see, and let us remember the value of negotiation.

**Lord Grocott:** We have heard that mantra from successive Governments. It has basically just been repeated, has it not? Most significantly, there is the suggestion that the increase in settlement activity somehow makes a two-state solution less and less likely or indeed possible. At what stage does it go from being unlikely to being pretty much impossible? These events have all occurred since the UN resolution, and Jack Straw, who gave evidence to us not so long ago, said this: “At the moment, Prime Minister Netanyahu and the Israeli Government can do anything. They basically suit themselves about what they do. They know that they suffer no penalty at all”.

**Rt Hon Boris Johnson MP:** I do not think that is entirely true, in the sense that the Israeli population, the people in that country—I am a firm believer in and
supporter of the State of Israel, as some of you may know—live daily with the threat of terror. Peace, a solution, would be a wonderful thing, so I disagree with those who say that the best way forward is just to freeze it all and to maintain a security solution of the kind that we have. That is a counsel of despair. There must be some way of making sense of the old idea of a proper homeland for the Jewish people in Israel and a homeland for the Palestinians. That must remain the prize.

Lord Wood of Anfield: It is reassuring to hear that you continue to support a two-state solution, however difficult that might be at the moment. I am slightly baffled, then, as to why Britain refused to sign the declaration supporting a two-state solution in Paris last week, given that a two-state solution is at the core of our vision of peace in the Middle East.

Rt Hon Boris Johnson MP: The reasons for that were pretty clear. As I said to my French friends, I thought it was a bit peculiar to add a grand conference in Paris about these two states when neither of the potential actors was represented at the event. It was a bit like Hamlet without the prince, I thought.

Lord Wood of Anfield: Does that change our view of the two-state solution?

Rt Hon Boris Johnson MP: If you want to be even-handed in these things you have to concede that Resolution 2334 was much more widely acclaimed in Gaza than it was in Israel, and I think the Committee would accept that. Furthermore, the subsequent series of diplomatic ventures seem to me to be aimed not so much at producing a resolution or solving the problems of the MEPP, but rather at domestic political posturing in the run-up to various elections.

Indeed, the reason why Resolution 2334 took place before Christmas, as I am sure the Committee will understand, is because it was a very convenient American political window between the election and the installation of a new President. In other words, it was a moment of minimum political vulnerability for any politician in America. My feeling about the Paris talks was that with five days to go until the installation of a new President, who might take a very different view from the outgoing Obama Administration, it did not make much sense, particularly in view of America’s dominant role in supporting and maintaining Israel.

Lord Purvis of Tweed: There was very high-profile criticism from Downing Street of John Kerry’s speech. Were you consulted before Downing Street issued that statement?

Rt Hon Boris Johnson MP: Lord Purvis, with great respect to you, I do not go into my many, many conversations with Downing Street on all kinds of matters, but I think it was reasonable to distinguish between longstanding British policy and quite strong criticism of the Government of a friend and ally. I think that was what the Prime Minister was trying to get at.

The Chairman: We have covered part of the next question already, with Syria and Assad, but Lord Wood wants to come in on this.

Q143 Lord Wood of Anfield: Yes. On Syria, President Trump has been very clear that he wants to eliminate radical Islamic militancy from the face of the earth, and he has also been clear that he is prepared have a new approach: to prioritise the defeat of ISIS, possibly in co-operation with Russia. Would you support a change of US-UK direction to support those goals, possibly even joining forces, figuratively and militarily, with Russia to do so?
Rt Hon Boris Johnson MP: We have heard from the Russians before that they wanted to eliminate Daesh, though most of its attacks in the Syrian campaign have been against the moderate armed opposition. We are already, with the United States, engaged very heavily in attacking Daesh in Iraq. The Committee will know that more than 1,000 sorties have been flown—almost 1,200. We are there; we are instrumental in driving Daesh out of its stronghold in Mosul and we will go on to be supportive of the venture to remove it from Raqqa, if and when that happens, although obviously we have to work out exactly the modalities and the legal basis on which we do that. So we are very much there in the fight against Daesh.

I thought that it was a great moment, and I made no bones about it, when the Assad regime, for all its despicable practices, and the Russians contrived to get Daesh out of Palmyra. The tragedy is that Assad has been unable to maintain that position because he is not strong enough and does not command sufficient support from his own people. I think that what is happening in Palmyra is an absolute tragedy for humanity.

Lord Wood of Anfield: Specifically, are you prepared to co-operate militarily with Russia to pursue these goals, even if that comes at the expense of the goal of removing Bashar al-Assad from power?

Rt Hon Boris Johnson MP: As I told the Committee earlier, I want to see a negotiated solution. It is our view that Bashar al-Assad should go—it has been our longstanding position—but as I have said we are open-minded about how that happens and the timescale on which it happens.

Lord Inglewood: Foreign Secretary, is it not slightly strange to be, as you have just described it, deeply involved in the physical conflict in Syria and yet at the same time excluded from the peace talks?

Rt Hon Boris Johnson MP: We are talking about Iraq, Lord Inglewood.

Lord Inglewood: Yes, I know, and you were talking about Raqqa, but the point was the question was about Syria. Daesh is in both, obviously.

Rt Hon Boris Johnson MP: Yes, of course. Well, as I told the Committee earlier, the UK took a strategic decision. The House of Commons had a vote in August 2013 and the question then was whether we were going to get much more seriously involved in Syria and we decided not to. At that moment we effectively played ourselves out of the game in Syria, and it is perhaps not surprising that we are not involved in the current peace talks in Astana.

Lord Reid of Cardowan: Sorry to come back to the same point, but the proposition that was put to the House of Commons, if I remember, was not that we take action against Daesh but that we take action against Assad.

Rt Hon Boris Johnson MP: That is certainly true.

Lord Reid of Cardowan: Right. And the decision of the Commons, which you keep referring to as having changed the course of history there, was that the wolf nearest the sledge, which should be shot first, was Daesh. That is what I think you are being asked by Lord Wood. Are you prepared, if Daesh is the biggest strategic threat to this country, our interests and our values, to work with others in that? That has not been rejected by the House of Commons. The House of Commons rejected the use of military intervention against President Assad, while you are now saying that he will have to go ultimately, without a
timescale. The House of Commons did not reject action against Daesh. Are you prepared to see an alliance of forces, including Russia, attack Daesh?

Rt Hon Boris Johnson MP: We are attacking Daesh, as I have said. We are part of a coalition that is launching daily air strikes against Daesh.

Lord Reid of Cardowan: In Iraq. But in Syria?

Rt Hon Boris Johnson MP: Well, we do not yet have authority from the House of Commons for wholesale involvement in Syria. We took a decision in 2013 not to take a lead in Syria.

Lord Reid of Cardowan: Against Assad. I am asking you, Foreign Secretary, about Daesh in Syria.

Rt Hon Boris Johnson MP: Well, it is certainly the case that we will face a strategic choice about how to prosecute the war against Daesh. At the moment we are confining our activities to the conflict in Mosul. The question is rightly raised, could we do a deal with Assad and the Russians and team up with them to attack Daesh? My hesitation about is that it would be seen as switching sides. To come in on the side of Assad and the Russians would be seen, I think, as a great betrayal of the people of Syria who have opposed Assad. It would be seen as a betrayal of the moderate armed opposition that we have supported and it would have grave repercussions in the area.

We are engaged in some activity against Daesh across the border in Syria, but we have not joined forces with Assad for that reason, and partly because, of course, it was he who unleashed Daesh. Do not forget that it was his decision to let Daesh out of the jails to create this false alternative for the west. It was his decision to put us in this position: he wants us to be forced to choose—"You either back me in the fight against Daesh or you support Islamic terrorists". We do not see it that way. We believe that he, himself, is a recruiting sergeant for radicalism and I think that if we were to do what Lord Wood suggests and forge an alliance now with Bashar al-Assad and the Russians, it would have very grave consequences for our reputation and would drive radicalisation, not just in that area but possibly more widely.

Q144 Baroness Helic: I think I can understand the predicament and the fact that it would be very difficult to switch sides. I can also understand that it would be morally wrong. I also understand the point about it being a recruiting sergeant for ISIS or Daesh, whatever name we use. However, we might find ourselves in days or weeks to come with the United States on a different side of the argument. That would put us in direct collision, or in an argument, with our closest ally, with which we are trying forge a relationship more special than it has been over the last decades. How would we deal with that?

Rt Hon Boris Johnson MP: I see downsides and risks in us going in and doing a complete flip-flop, supporting the Russians and Assad, as I have outlined. I must also be realistic about the way the landscape has changed. We may have to think afresh about how we handle this. With the Trump Administration, the crucial point to make is that any deal with the Russians of necessity involves an accommodation with Iran. It is not the Russians who are fighting the armed opposition groups on the ground. It is not the Russians who are risking their lives. It is the Shi’ite militias, which are backed by Iran. The real question is whether the incoming US Administration fully appreciate that relationship and
how we can help to shape the conversation. Clearly, we do not want a further extension of Iranian power and influence in that region. It may be possible, therefore, to make progress by distinguishing in the American mind between an accommodation with Russia and one with Iran and to drive a wedge between them, if you see what I mean. That is where we are at the moment.

I fully accept that the position in Syria has been catastrophic. It is one of the great disasters of our time. Lord Reid may disagree with this, but I think that the British failures in that theatre can be traced back to that decision not to get involved in 2013. We played ourselves out of the game. It was a great shame, in my view. My predecessor but one as Foreign Secretary, William Hague, felt that it had been a significant reverse for UK foreign policy. We are where we are now, which is in a very difficult position. The Committee is right to draw attention to these dilemmas. There are no good options here. We have been wedded for a long time to the mantra that Assad must go, but we have not been able at any stage to make that happen. That has produced the difficulty that we now face.

If there is a possibility of an arrangement with the Russians that simultaneously allows Assad to move towards the exit, diminishes Iranian influence in the region by getting rid of Assad and allows us to join the Russians in attacking Daesh and wiping them off the face of the earth, or whatever the President has said, that might be a way forward, but the Committee will appreciate that there are perils in that approach. It is by no means clear that we would achieve the end of the Assad regime or that—and this is the real kicker—even if we did achieve it, Syria would be in a better place. That is, I am afraid, the horror of the dilemma that we face.

The Chairman: Foreign Secretary, infuriatingly, although we want to pursue this, we have a further two important questions and we only have 15 minutes before you need to go, so I am afraid that we are going to have to move on. I am sorry.

Baroness Smith of Newnham: May I ask a very quick question of clarification, please?

The Chairman: All right.

Baroness Smith of Newnham: Foreign Secretary, do I understand you to be saying that the Government’s position is that they are more concerned to get rid of Assad than to defeat Daesh?

Rt Hon Boris Johnson MP: No, I am not saying that. I am saying that we face a number of alternative scenarios, none of which is particularly full of hope and promise. Broadly speaking, we could do a flip-flop and say, “The facts of life have totally changed. We must accept that we were wrong about Assad. For five years, we have been mouthing the mantra that Assad must go, but it turns out to be wrong. In fact, we were barking up the wrong tree. We should throw in our lot with Assad and the Russians”. However, I do not think that that would necessarily be in the best interests of the Syrian people. It is very possible that there would be further carnage and blood-letting and that Assad would find it impossible to deliver a credible Government for the whole of Syria.

On the other hand, we have tried for years to support the moderate armed opposition with the limited tools that we have at our disposal and to boost the High Negotiations Committee, Dr Riyad Hijab and others. We have tried to project the idea that there is an alternative Syrian Government in waiting, but
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we have not been able to carry that off. The Russians have been able to move in and create these facts on the ground, plus we have a new American President, who in some of his pronouncements has seemed to take a very different attitude towards a relationship with Putin. The old policy, I am afraid to say, does not command much confidence and, as the Committee has pointed out, because of our decision to opt out in 2013 we are not at the Astana talks.

Perhaps I can summarise this discussion by saying that we need to understand exactly where the White House is coming from now. We need to understand how it sees the end game. We need to help to shape that conversation, making some of the points and the reservations that we have, particularly about Iran. There may be some political way forward of the kind that I have described that leads, as Baroness Helic suggested, to a new federal solution for Syria and a political deal. It is very far from clear how we get there from here. It will be a tough road. Any advance on that, Christian?

Dr Christian Turner: No.

The Chairman: We are going to have to move on, because we have two more important questions to cover.

Rt Hon Boris Johnson MP: I think that I have said all that I have to say on this.

The Chairman: Lord Hannay, would you like to come in on the Iranian nuclear deal?

Q145 Lord Hannay of Chiswick: Yes. On the question of the use of force against Daesh in Syria, I thought that, after a rather tumultuous debate in the House of Commons, that was in fact authorised and that that is the basis on which we are operating. Could we turn to Iran, which Lord Reid mentioned in an earlier question, and particularly the P5 plus 1 nuclear agreement? The President of the United States has spoken very disobligingly about that agreement. The President of the United States has spoken very disobligingly about that agreement. I think that he described it as the worst deal ever made. I assume that that is not the view of the Government, since the Government are a party to the deal and presumably do not go around making the worst deals ever made. Will you try to persuade the Trump Administration not to renege on the Iran deal? If, alas, they were to do so, will Britain stick with it? Have you given any thought to how we could improve the Iran deal in what is one of its weakest spots, which is its rather short duration—there is a series of time limits of eight and 15 years—by trying to generalise and globalise the constraints in the agreement and apply them worldwide, thus making Iran look and feel less put upon?

Rt Hon Boris Johnson MP: I heard what the incoming Administration had to say about the JCPOA Iran deal. The deal seems to me to have worked so far in containing Iran’s nuclear capabilities. That must be a good thing. It has not yet delivered enough by way of trade between our countries and it is important to develop that. If there is something that we can do to boost confidence in the deal on both sides, I am all in favour of it.

Lord Hannay of Chiswick: But if the US Administration either renege on the deal or try to destroy it, what will the position of the Government be in the discussions?

Rt Hon Boris Johnson MP: As I said, we have already made our views clear to the Trump Administration. We think that trying to improve relations with Iran
through this deal—it is a pretty cautious thing—is on the whole a good thing. We regard it as one of the achievements of the Obama Administration.

**The Chairman:** Do you not think there is a great worry that the Congress in Washington may decide to renege on it? I was in Washington when Mr Netanyahu addressed the Congress. My impression was that there was no way that, given the opportunity, the Congress would in the long run endorse the deal.

**Rt Hon Boris Johnson MP:** Well, we must see where we get to with Congress. I am aware of the feelings of people on Capitol Hill about the deal. Let us wait and see. Where we think that it is of value—and it would be good thing to improve relations with Iran rather than the reverse—we will make the case.

Q146 **The Chairman:** Let us move on to the final question, which relates to the suggestion that has been made to the UK Government to suspend arms exports to Saudi Arabia, pending the inquiry by the United Nations into alleged violations of international humanitarian law. Three Commons Select Committees have pontificated on this, following the suspension or limiting of sales by the United States and some European countries. What is the Government’s attitude to these calls and recommendations?

**Rt Hon Boris Johnson MP:** We are well aware of the concerns of those Committees, although I note that the Foreign Affairs Committee did not call for a ban on weapons sales to Saudi Arabia. We follow very strict guidance and criteria for the export of weapons. Although we follow this on a day-to-day basis, we do not think that the threshold for a ban has yet been met. At the moment, for the export certificate not to be issued, there has to be a clear risk that there will be a serious breach of international humanitarian law. We have received sufficient assurances from the Saudis about the incidents that have taken place so far to think that we are still narrowly on the right side of that threshold.

**The Chairman:** The Foreign Affairs Committee also recommended that we should issue no further licences. What is your attitude to that?

**Rt Hon Boris Johnson MP:** As I say, we think that we are on the right side still, though it is kept under constant review. To be fair, while there have been some atrocious incidents, the Saudis have been very heavily scrutinised and they have done a great deal to try to satisfy us that they are taking steps to make sure that nothing of that kind can happen again. For instance, on the use of cluster munitions, the BL755s, we have not exported one of those for a very long time. Since the admission by the Saudis that they had been used, they have undertaken not to use them again.

**Lord Wood of Anfield:** With respect, the UN’s humanitarian co-ordinator estimates that 10,000 civilians have been killed in Yemen. It is somewhat astonishing to hear you say that we still feel that we are on the right side of the line, when Saudi aggression is responsible for a significant number of those civilian deaths. How can we still be on the right side of the line in our support for the arms trade with Saudi Arabia?

**Rt Hon Boris Johnson MP:** You are absolutely right to draw attention to the scale of the humanitarian suffering in Yemen. We want that suffering to stop. It is also the case, however, that there is an illegitimate Government, supported by the Houthis, in Sanaa. The coalition is widely drawn and has our support in trying to restore the legitimate Government of President Hadi. Yes, we want peace in Yemen and, yes, I think that it is a catastrophe, but I do not believe that any UK
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action on export licences will affect that process. That process needs to be driven by dialogue between the Houthis, the Saudis, the Emiratis, the Americans and ourselves, as it has been. If you ask me whether I am deeply concerned about the humanitarian situation in Yemen, yes, I certainly am.

**The Chairman:** We have a few more minutes. In the previous question about Syria, I cut off Lord Wood and Lord Hannay. I think that Lord Hannay caught my eye first. Would you like to backtrack to that?

Q147 **Lord Hannay of Chiswick:** Could I come in on an angle that has not been referred to about Syria, which is the role of the United Nations, and ask you to comment a little more widely on that? The United Nations was running a peace conference in Geneva and is still, as far as I know, running it. What are we going to do to revive that process and to channel the efforts that may have been made in Kazakhstan back into the UN channel? It seems to me—I do not know whether you agree—that that is the best way forward, however much the Russians and Turks may prefer discreet discussions among themselves.

Given the challenges that face the UN, with its new Secretary-General having just taken over at the beginning of this month—in a process which the Government take considerable credit for having made more transparent and a better choice-process than we have ever had before—António Guterres really does need our help. If he listened to ABC yesterday, he is going to be a worried man this morning. Are we going to make sure that the UN has our full support and will we make that clear in our discussions with the United States? Should we be prepared to see the United Nations is not marginalised and deprived of resources when we think that it should be doing more, not less?

**The Chairman:** Perhaps you would answer that one and the next question, from Lord Wood, together?

**Lord Wood of Anfield:** My question is back on Syria. Is it conceivable that, in the fresh thinking for Syrian peace in the future, we would find it acceptable that Bashar al-Assad runs for election?

**Rt Hon Boris Johnson MP:** Yes. I said that already.

**Lord Wood of Anfield:** Sorry. I did not hear you say that.

**Rt Hon Boris Johnson MP:** Yes, I said that. I think that I said it. Did anybody notice me say that? Thank you—Lord Hannay spotted that one, with his customary acuity. I totally agree with you about the UN. I have been a few times. I think that I even voted for the UK. I moved a resolution on aviation security. It was a most wonderful experience. I believe profoundly in the UN. I think that the process led by Staffan de Mistura in Syria is very important and that the Astana process should lead back to that and the UN should retain its role. When you talk about António Guterres, I share your positive view. I think that he could prove to be a very good Secretary-General indeed. I saw him in action in the recent Cyprus talks. Obviously, we were very far from getting there—you, Lord Hannay, will have experience of that particular number—but the UN is very important. I support it strongly and we will be making that position very clear to our friends in Washington.

**Dr Christian Turner:** If I may make one clarification to Lord Hannay. Staffan de Mistura, the UN special envoy, was in Astana and issued quite a strong
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statement afterwards pointing to the outcome of the talks and the fact that they confirmed that the terms and sequencing of a negotiating process and political process should be in line with Resolution 2254 and a return to Geneva.

**Rt Hon Boris Johnson MP:** Sorry—Christian is of course right. What I was driving at was that the talks should not continue in Astana but should return to Geneva.

**The Chairman:** Thank you. Do any of my colleagues want to come back? Lord Reid.

**Lord Reid of Cardowan:** I would not like you to think that people round the table in this Committee do not understand the quandaries and perils of Syria. I think that we do. Is it not the case that the central practical and moral question that you face in trying to find a way forward on this is that, historically, however difficult it has been to remove brutal dictators, it has been even more difficult to ensure that what follows is better than what we have got rid of? Witness Saddam, in some ways; witness getting rid of Gaddafi and I suppose even the Shah many years ago. Is that not the central practical quandary?

**Rt Hon Boris Johnson MP:** Lord Reid, you have direct experience. I think that I have been very frank with the Committee about the quandary that we are in. It has been the long-standing position of the Government that Assad must go and we are facing the reality that things have changed and we have to think about what is best for the Syrian people. I have tried to highlight the dilemma as clearly as I can.

I went to Baghdad shortly after it had been liberated by what was then your Government, Lord Reid. It was about 10 days—or less than that—after that statue of Saddam had been pulled down, so there was a very lively atmosphere. My guide was a Christian and he said to me, “As your great novelist William Shakespeare has written in ‘Julius Caesar’, ‘It is better sometimes to have a tyrant than not to have a ruler at all’”. I cannot find that quotation anywhere in Shakespeare, but there was wisdom none the less in what he said. That, I am afraid, is the dilemma. It is a very painful dilemma, because we know that neither option is likely to be good, but we are getting to the point where we will have to choose.

**The Chairman:** This must be the very last question.

**Baroness Helic:** I will not ask the Foreign Secretary a question now, because it relates to foreign policy and European affairs, but I make a plea to him to reply to my letter if I write to him.

**Rt Hon Boris Johnson MP:** Of course, with pleasure.

**The Chairman:** Foreign Secretary, you have been very patient. You have answered our questions extremely clearly. We value your visit to us enormously. We hope that this new Committee will have the pleasure of seeing you over the years on a regular basis. We would appreciate that. Thank you for coming.

**Rt Hon Boris Johnson MP:** My pleasure. If you thought that I was speaking clearly, then I have obviously totally failed in my mission.

**The Chairman:** Thank you.
Mr Tarik Kafala, Controller, Language Services, BBC World Service (QQ 72-100)

Transcript to be found under Dr Ahmed Al Hamli
Wednesday 23 November 2016

10.40 am

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.

Q218 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 P5\textsuperscript{112} 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 you 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

\textsuperscript{112} The five permanent members of the UN Security Council
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 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?

Q219 **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
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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 goodwill 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
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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.

Q220  **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, ASEAN113 in south-east Asia or the AU114 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, 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.

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113 Association of Southeast Asian Nations
114 African Union
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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 polities 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,
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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.

Q221 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
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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.

Q222 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.
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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.

Q223 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
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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
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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 undiscriminating 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?

Q224 **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? 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?

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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 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
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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.

Q225 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.

**Q226 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
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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
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Iran was willing to comply and has been complying. I think the Israeli pressure on that front will remain contained.

Q227 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
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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.

Q228 **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
Mr Ayham Kamel, Director, Middle East and North Africa, Eurasia Group. (QQ36-48)

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
Mr Ayham Kamel, Director, Middle East and North Africa, Eurasia Group. (QQ36-48)

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.

Q229 **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
Mr Ayham Kamel, Director, Middle East and North Africa, Eurasia Group. (QQ36-48)

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?

Q230 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 PYD 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?

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,

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there is a deep split between the Kurdish powers and their strategic view on where they stand. The KDP,\textsuperscript{117} 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.

\textsuperscript{117} Kurdistan Democratic Party
Ms Jane Kinninmont, Deputy Head, Middle East and North Africa, Chatham House
(QQ36-48)

Ms Jane Kinninmont, Deputy Head, Middle East and North Africa, Chatham House (QQ36-48)

Transcript to be found under Mr Ayham Kamel
Wednesday 1 February 2017

10.40 am

Members present: Lord Howell of Guildford (Chairman); Baroness Coussins; Lord Grocott; Lord Hannay of Chiswick; Baroness Helic; 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. 13 Heard in Public Questions 148 – 164

 Witnesses

I: Dr Carole Nakhle, Energy Economist, Crystol Energy; Mr Stewart Williams, Vice-President, Wood Mackenzie.

II: Rt Hon Lord Lamont of Lerwick, UK Trade Envoy to Iran.

Examination of witnesses

Dr Carole Nakhle and Mr Stewart Williams.

Q148 The Chairman: Good morning Dr Nakhle and Mr Williams. Thank you very much for joining our deliberation this morning. There are two procedural matters to mention quickly before we continue. First, we in this Committee, including me, are obliged to declare all interests relevant to what we are going to discuss, which is very much to do with oil markets and energy, of course. I declare my interest as a member of the advisory board of Crystol Energy and chairman of the Windsor Energy Group. Are there any other declarations to be made immediately around the table? No. Secondly, I am obliged to tell you, as you should know, that this is a public session. There will be a verbatim transcript of it, which you can look at when it comes to you a few days after this session and of course you can correct it if you wish.

With those procedural matters out of the way, let us turn to the issues in question. As I think you both know, this Committee is conducting an in-depth inquiry into the shifting powers of pattern and the impact of outside powers in the whole Middle East region. This morning we want to focus on the way in which the oil and gas markets and the colossal flows of revenues from gas that some Middle East countries have benefited from to an unbelievable extent over the last few years influence this changing pattern of power.

Perhaps I will begin by asking you the first question, Dr Nakhle, because you have written with great authority on many of these matters. After years of vast oil revenues, there is now lower production in the Middle East because of higher production in the United States of shale and so on, because of the current weakness in the oil price and prospects of oil demands not being as strong as they were in the past, and because of the
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general attitude of the low-carbon world, which, to put it mildly, is that fossil fuel should be made history. Could you give us an overview of how you feel all that is affecting the thinking on the Middle East and changing the pattern of power within the Middle East? Would you like to start on that basis?

Dr Carole Nakhle: I was born and grew up in the Middle East, and I think that the concept of stability has always been desirable but the region has failed to achieve it. Today, it is more important than ever. If I link it to the oil market it is because of two major developments. First, the destructive forces of the shale revolution have changed the existing structure of the oil market as we have known it for decades. The second important force is the fight against climate change, which has rendered rather meaningless the long-term value of oil and gas reserves in the ground, irrespective of how large they are.

If we take these two developments into consideration, we realise that the old cliché of economic diversification is not really new for Middle Eastern oil and gas producers, who have been talking about economic diversification since the 1970s. Today, this old cliché has acquired a new sense of urgency because of those two developments and demographic pressures are quite large. If you think about the size of the young working population in countries such as Saudi Arabia, you realise that the heavy reliance on the oil and gas sector will fail to create enough jobs for these people. We have all heard of the massive reforms such as the Saudi Vision 2030, much of which, I must say, is not new; economic diversification features quite strongly in it. There are other new aspects, such as the Saudi Aramco IPO, which is an indirect way for Saudi Arabia to open its sector to private investment. Until today Saudi Arabia has been one of the few countries in the world remaining closed to private investment in the oil sector.

The size and scale of these reforms were triggered by low oil prices. I hesitate when I say low, because they are low relative to the period between 2010 and summer 2014, when we had an oil price of $100, $110 a barrel. Today, describing an oil price of $50 a barrel as low surprises me a bit, because actually it is not low. These countries have economic difficulties because of the loss of export revenues, which is felt quite strongly in these countries because their economies are heavily dependent on the oil sector, and the non-oil sector is quite weak. That is why we have ended up with the massive budget deficits that people are talking about. It is a bit strange that with an oil price of $50 a barrel these economies are suffering in the way they are today.

However, I would like to clarify one thing. It would be simplistic to describe all Middle Eastern countries in this way. I am talking about the large oil and gas producers; not all Middle Eastern countries are in the same position. There are countries such as Iraq that are heavily dependent on oil; almost 100% of its export revenues come from oil. It is suffering the most, unlike countries such as the UAE and Kuwait, which have accumulated financial reserves through their sovereign wealth fund; or Saudi Arabia, through its bank account in the central bank, SAMA. Countries that have saved some of the big windfalls in the periods of high oil prices can sustain their current position better than countries such as Iraq because they can withdraw from those reserves and they have the capacity to borrow. However, I am not saying that they will not face difficulties in the longer term, and I think they acknowledge that this pattern is not sustainable in the longer term.
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**The Chairman:** Mr Williams, would you like to give us your overall take on the Middle East and the prospect of lower oil demand, lower oil prices, the end of oil and so on?

**Mr Stewart Williams:** I will echo what Carole said. There is a real push by these countries for diversification. It has been there for a long time, but it is really the shock of the drop in oil prices in the last two years that has galvanised them into doing something. Post the Arab spring, there was obviously a lot of spending, and the Arab spring and Libyan oil coming off the market coincided with an increase in the price of oil up to the $100 level that Carole talked about. A lot of the Governments saved money, Saudi Arabia in particular, everything was fine and spending continued. Now that the prices have fallen, some of these countries are still in a good position with their financial reserves.

Saudi Arabia in particular might not have reacted as you would have expected a couple of years ago by bringing down its production, because it had that cushion. However, it is drawing down on those reserves, it has realised that an oil price of $100, $110 a barrel is probably not good long term for the oil market, because ultimately it destroys demand. So Saudi is pragmatic about the fact that we should not expect to see $100-plus a barrel; the price should be lower. But when you look at the economics of these oil-producing states, as Carole pointed out, Iraq is in one of the worst situations, but the fiscal breaking price of the likes of Kuwait, Qatar and the UAE is around $50 or $60 a barrel—in the range that we are currently in. Saudi Arabia’s is higher, and it is the one country that is diversifying, so it is trying to adjust for it.

**The Chairman:** We pick up two messages from the oil producers. One is, “Don’t worry, chaps. In the end it will be all right. We will balance the energy mix of oil, gas and renewables for ever. Maybe even President Trump will assist us, and on the whole we will continue to get our main support from our oil revenues”. That is against a different generation who are saying, “Wait a minute. We must diversify completely”. As Dr Nakhle has just said, there are the plans to sell off a bit of Aramco, the 2030 plan of Saudi Arabia, and a real sense that they have to change and diversify. Which of these two schools of thought is predominating? I am looking at Dr Nakhle, and it is a difficult question. Is that the right analysis: that we are getting two stories?

**Dr Carole Nakhle:** We are, and not only stories but actions. If I go back to the announcement of the Vision 2030, Saudi officials and, if I am not mistaken, the Saudi oil minister, said that low oil prices were good for reforms. Fast forward a year later and we had the OPEC\(^{118}\) deal, which was to stop oil prices from falling further. This is where I can see a bit of a contradiction, because if low oil prices are good for reforms, maybe Saudi Arabia should have let the market continue to set the prices at the levels they were at before the OPEC deal that was preliminarily announced in September and then finalised in December. This tells me one thing: that these ambitious economic reform targets are going to be difficult to implement. There is a population accustomed to generous subsidies, and we all know that when people are used to subsidies it is very difficult to take them away. The Arab spring has perhaps been limited to other countries outside the Middle East, although Syria is still suffering, as well as Yemen. But this is where I can sympathise with the leaders in the region—that it is not going to be easy to implement those reforms. At least they are trying, and in the coming

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\(^{118}\) Organization of the Petroleum Exporting Countries
years we will see more how they are going to change the regulations to encourage private investment, which is most needed, because at the moment it is the public sector that is heavily bloated.

**Lord Hannay of Chiswick:** Do I understand correctly that you are both saying that countries in the Middle East that are oil and gas producers are not as well placed as they were to deal with any unexpected developments that might come along? They are closer to breaking—perhaps that is the wrong word—or to a pain point than they were. Having answered that, could you say whether the unexpected developments—the known unknowns that are out there—are more on the downside of the oil price or the upside?

**The Chairman:** Talking about future oil prices is always tricky.

**Mr Stewart Williams:** Yes. Forecasting price is a difficult one. We have already seen potentially with this oil price uptake that the US can start producing more again, which puts downward pressure on the price. Even this morning, Khalid al-Falih, the Saudi Arabian Energy Minister, welcomed the Trump regime and made very positive comments, indicating that a pro-oil US is helpful. As long as demand increases, US supply is, in his words, more than welcome to come into the mix. The big question is demand and when we will reach peak demand.

This comes back to the point about diversification for somewhere like Saudi Arabia and some of the other big Gulf producers. Saudi is not going to slow down its oil business at all; it is trying to build up its non-oil economy to match or even be bigger than the oil economy. Saudi Arabia and some of the other producers such as the UAE and Kuwait are lower-cost producers, which gives them an advantage. So even if oil demand peaks and even starts to come down, those countries see themselves as the efficient producer. Oil consumption might drop, but they still see themselves at the forefront of production, because they have lower costs. For them, there is still a long future in oil, but other countries for which it is more expensive will come and go depending on the environment in which the oil is produced.

**Dr Carole Nakhle:** If we look at the Obama doctrine, there was an interview in the *Atlantic* journal with former President Obama, which described the Middle East as “high-maintenance allies”. It quoted Mr Obama as saying that he complains privately to friends and advisers that they seek to exploit American muscle for their own narrow and sectarian ends. There was a visible shift in attitude towards the Middle East, which coincided with the shale revolution, which reduced US dependence on the Middle East. So one could argue that if that reliance had not come down, we would not have seen this shift in the US attitude towards the Middle East.

The big question is whether this will be a sufficient condition for the US completely to turn its back on the Middle East. I tend to believe that it is a necessary but not sufficient factor, because I look at the threat of terrorism,
The Rt Hon Lord Lamont of Lerwick, UK Trade Envoy to Iran (QQ148-164)

which remains very strong in the Middle East. There is the presence and the safety of Israel, which is the US’s closest ally in the region — and even if we look beyond the oil business, there is significant investment by American companies across the Middle East. So yes, the reliance on Middle East oil will come down, but perhaps we should mention the fact that the oil market is global. Even if you stop buying oil from Saudi Arabia, you will still be affected by the oil price, which is set by the global oil market, which is a very important issue.

On the Trump Administration, there is a lot of speculation, and I would be engaging in guess-work if I tried to tell you what he will try to do towards the Middle East. I agree with Stewart that Trump is seen as a pro-industry person, but that could mean reducing further the reliance on Middle Eastern oil, so I am not sure whether that is positive or negative. To give an example of how the Middle East is preparing for the Trump Administration and its policies towards the Middle East, just before the elections I was in Lebanon and a Lebanese radio station carried out a survey about who people would like to see as President — Trump or Hillary Clinton. About 70% voted for Trump. On the day Trump was elected I was in the UAE, and the locals were very excited, describing him as a strong man who will be very good for the Middle East. What does “strong man” mean? I do not know, but that is the kind of sentiment that we have in the Middle East, at least in the Arab Middle East.

The Chairman: It really is extraordinary that on the one hand we have Trump and Tillerson, who are oil men who want to see more production in America and stop getting involved in Middle East wars; and on the other hand, as Dr Nakhle has just said, Trump is seen as the strong man who might favour the Middle East region. It is a very curious dichotomy, is it not?

Mr Stewart Williams: On the US reliance on the Middle East, it is obviously true about the growth of shale oil and the drop of imports of oil. It is quite remarkable that even though, as you say, the Obama Administration retreated from the Middle East and Trump may do more so, the actual reliance on imports from the Middle East has remained flat in the past 10 years. Around 20% to 25% of US imports still come from the Middle East, and most of that is from Saudi Arabia. That has not changed, and one in six Saudi Arabian barrels gets exported to the US. Part of that is the technical issue of what US refineries might take, which were designed for Mexican and Venezuelan heavier crudes. As production falls in those countries, Middle East crude is of similar quality and can replace it. There is still clearly a strong link there, despite the political retrenchment. Certainly, there is a strong link between Saudi and the US.

Lord Purvis of Tweed: May I go back to Saudi Arabia? We had interesting written evidence from Dr Bassam Fattouh in which he referred to Saudi Arabia. He said that if the US achieved energy independence it could erode the foundation for such a special relationship. Do you think that that is much more long standing?

Mr Stewart Williams: Yes. In fact, US imports of Middle Eastern crude went up last year from about 20% back to 23%. Part of it is a technical issue, the qualities of oil, and importing on one coast and export out of another.

Lord Purvis of Tweed: Is that quite short term?

Mr Stewart Williams: As I said, it has been there throughout the Obama Administration, at that level. The absolute volumes have fallen, of course,
because the US is taking less, but the proportion of Middle East crude going into the US is about the same.

Q150 Baroness Smith of Newnham: I think you have already seen the question on the paper, but I am going to finesse it slightly, so I will understand if you do not feel able to answer the second bit of it. You have talked about the American dimension and exports to the US. How do you see the outlook for the UK in terms of reliance on the Middle East region and our strategic interests there? Do you envisage any security questions limiting the exports of oil, or our ability to purchase oil for the Middle East, and what is that going to mean for the UK?

Dr Carole Nakhle: The Middle East is not that important to the UK in terms of oil exports. After all, the UK remains a sizable producer, although I know that oil production has peaked and been in decline, but there has been a surprise in the last two years, showing a reversal. I see the importance of the Middle East more as trade partners to the UK. I looked at the numbers and was surprised to see that the UAE and Saudi Arabia are both in the top 15 trade partners to the UK, which includes oil among many other things. So in this sense, if the economies of these countries deteriorate, that will affect trade relations with the UK.

Last year, just to give you a number, there was a decline of UK exports to Saudi Arabia by £0.2 billion. So there is potential there. If the economies get better, the UK can benefit because of this trade relationship, and we should not forget that the historical ties are also important. Middle Eastern people like to send their children to the UK to study, and so on. The big risk is economic. That said, for the UK in its current Brexit mood, strengthening trade relationships with its existing non-EU partners would play an important role.

Mr Stewart Williams: I would just go back to the UK’s oil reliance on the Middle East, which is actually very little. It is far less than the US’s, for example. Around 4% of imports of oil come from the Persian Gulf. Algeria, although I do not know whether that is covered by your definition of Middle East, is probably our biggest area of imports at 15% or 16%. Through the Arab spring, Algeria has been one of the more stable places. The UK still imports quite a lot of oil from quite unstable countries such as Nigeria, and there has been far more impact on Nigerian outages—nothing to do with the civil war, just militant activity in the Niger delta—which has caused fluctuations. So we are not particularly reliant on that oil.

However, we are far more reliant on the Middle East for natural gas. About half of our gas is now imported, and even if we see a slight uptick in oil from the North Sea in gas production it will fall again.

Of those gas imports, nearly a third comes from Qatari LNG,119 and over time the United Kingdom will become more and more reliant on liquefied natural gas imports. But the beauty of liquefied natural gas imports is that they flexible. Our imports from Qatar will probably increase, but it is a very stable supplier that supplies oil all around the world. But over time there are other sources coming on to the market that give us that flexibility. Cargoes can come from the US, east Africa and Australia. Okay, it does not make much sense selling Australian gas here, but swap arrangements mean that gas could physically come from somewhere else.

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**The Chairman:** So you are really saying that in relation to the UK’s reliance on the Middle East hydrocarbon supplies, after we spent the 20th century worrying about oil and so on and then had the blessed period of our own North Sea oil and gas and other sources, with our huge element of gas generating electricity we could be back to a rather heavy reliance on the stability and efficiency of those areas in supplying us on a daily basis. Is that right?

**Mr Stewart Williams:** Yes. On the increasing reliance on LNG, for example, by 2025 around half our gas needs will be met by liquefied natural gas. It will not all come from Qatar; there are other sources of supply. Qatar remains a very, very stable place. We talk about western or US support for Qatar. I do not know what the situation is now, but the US has one of its largest military bases in Qatar. So it is a strategic place, and I cannot see them downsizing that very much, because obviously the Middle East is still a very important area.

**The Chairman:** Let us now look at the whole hydrocarbon prospect and the big producers.

Q151 **Lord Inglewood:** Can we turn our focus to Iran? In particular, what do you think our prospects are in the current geopolitical world for further developments of energy markets, for UK investment but also for other companies? What do you think the barriers might be in respect of all that? Finally—the elephant in the room—what impact do you think Mr Trump’s policies will have in this way?

**The Chairman:** Dr Nakhle, you have written on this extensively, so it is certainly your turn.

**Dr Carole Nakhle:** And I am still writing, because it is an unfolding story. It is like an onion; the more you peel it, the more you risk shedding tears, because there are a lot of ambiguities and complexities in the system. Iran, we have to face it, is sitting on one of the largest oil and gas reserves in the world, so its potential for oil and gas resources is there and has been proven over decades. But that is below ground. Above ground, the political risks are quite high.

On the question of what Iran has been trying to do to attract investment, the sixth national development plan—the latest one, from March 2016 to March 2021—sets Iran’s economic policy. Iran needs about $200 billion of investment in its oil and gas sector, including petrochemicals. This is clearly not pocket money. It needs this money, because it wants to be able to increase its production. As you know, in the years of sanctions the Chinese might have been there but western technology was not used in the country. When I was in Iran last year, I was told by Iranians that because of the sanctions they have learned how to do it by themselves and that they do not need international players. That is true up to a point, but the rapid decline rates of its oilfields are among the highest in the region, much higher than its neighbours. So it definitely needs the technology and the investment, and it has acknowledged that, but investment is not going to flow only because there are reserves there. We need to give investors an attractive legislative, regulatory, fiscal and contractual framework.

In 2013, the Iranians announced that they would be offering a new type of contract to investors—the so-called Iranian petroleum contract, which became later the enhanced buy-back. Iran is perhaps the only country in the world that offers a buy-back agreement, which was introduced in the mid-1990s to get around the constitution, which prohibits any private or international investment in its oil and gas sector. But then the oil buy-backs were of a short duration and
they imposed very strict terms on the investors, including a duration of seven years, so the investor would develop the field and then hand it over to the national Iranian oil company. With the new contract, the duration will be much longer—around 25 years—and the terms will be much more lenient. That is what we have been told. We have not seen the nitty-gritty details of the contracts that will make a big difference to the outcome of the contract. What is the point of me having a contract for 25 years if it is going to expose me to more risk? So far, we know that a lot of the most important commercial terms in those contracts are going to be heavily negotiated between the oil companies and the Iranians. Because of that, I do not think that the Iranians will be able to sign many contracts at the same time. We heard of many companies coming to Iran and signing MoUs, but MoUs or heads of agreement are not actual contracts. The financial obligations of these MoUs are very small compared with the major oil contracts. We are talking about billions of dollars compared with hundreds of thousands or millions to conduct studies. When I look at this and at Iran’s need for investment, when I see how many contracts need to be negotiated, some of the contracts that were signed—the MoUs—may become oil contracts in the future and will increase Iran’s production, but I do not think that we will see a sudden massive increase in production in the market, because those contracts are going to be negotiated on a smaller scale with a smaller number of players, and they will take time to be negotiated and signed.

The Chairman: There may or may not be a massive increase, but will the Iranians take the slightest notice of OPEC quotas and attempts to reorganise production in the light of the oil price developments of the past two or three years?

Dr Carole Nakhle: Interestingly, although the OPEC deal sounded like it was putting a constraint on Iran, it used Iran’s pre-sanctions production as a basis from which to adjust Iranian production. As a result, if you look at the implications of the OPEC deal, it allows Iran to increase production, not reduce it. I think the OPEC deal was favourable to Iran because it put a floor on the oil price because it was going downwards, and at the same time Iran is allowed to increase its production further up to a certain limit—I think 3.9 million barrels a day.

The Chairman: How does that play with their antagonists, the Saudis, at the other end of OPEC? Surely they must take a rather dim view of this kind of calculation.

Dr Carole Nakhle: I think there were two main benefits from the deal. First, it showed that OPEC is still a functioning organisation. Just before that deal, many people started to say, “OPEC is dead. OPEC is over”. Actually, OPEC showed that despite political differences, between Saudi Arabia and Iran mainly, it can still reach an agreement. The second main benefit was not about increasing prices so much as about putting a limit on the price, stopping it declining further. In this sense, having that deal was important to all OPEC players, irrespective of Saudi Arabia or Iran, even though Saudi Arabia risks losing further market share if it is going to carry more of the burden of the production cuts.

The Chairman: We must move on to another aspect.

Lord Inglewood: Can I just make one small point? You talked about selling oil, but you did not touch so much on the barriers or otherwise to investment from a
country such as this into Iran. Do you see that becoming easier and more satisfactory for the investor or not?

**The Chairman:** Mr Williams, any thoughts?

**Mr Stewart Williams:** If you look at the list of international oil companies that have pre-qualified for this, there are not many UK companies on it. There are not many UK companies capable of making that investment. But a lot of the potential investment would be for the contracting companies lower down—the Engineering, procurement, and construction EPC companies, the smaller engineering companies. I was in Iran, coincidentally at the same time as Carole, and I saw that they are quite behind on their technology, even some of the more simple things. They can do a lot of simple things very well, but in order to enhance their oil production they will need more specialist equipment and UK companies could provide that. But there are natural barriers to doing business there. You often have to partner with a local company. Certainly the big international oil operators have to partner up with local companies. I think that about 12 companies have been named so far.

Going back to your original question on what Trump can do, you have to be very careful in your due diligence to look at these companies. There is a blacklist of 170 or so companies which the US accuses of being involved in terrorism, the development of ballistic missiles or human rights abuses, and you have to do some very strict due diligence to make sure that the partner you go with is in no way related to that. That whole process slows down investment, both for the big International oil companies IOCs and even the smaller engineering contractors, which—and I agree with Carole here—will ultimately delay an increase in Iran’s production. We see it increasing production but not significantly, even out to 2020.

**Dr Carole Nakhle:** Quickly, on financing, we are seeing that the smaller the scale of the business, the easier it is, because there are some banks, in Oman and other places, which are willing to take the risks with the financial transactions and are not concerned about the remaining sanctions that the US still imposes on Iran. But when it comes to the big oil deals of billions of dollars, as long as we have this issue of finances, we will still see a handicap on investors coming to Iran. This is where the question of scale comes in—a few hundred thousand or a couple of billions. It makes a big difference to the facility of financing.

**The Chairman:** We now move on to another area of oil production in the Middle East region. Lord Jopling.

**Q152 Lord Jopling:** You mentioned Iraq briefly earlier. You have a situation there where the Kurds have taken control of some of the oil resources, particularly around Mosul. ISIS, again, has exploited some of these resources for its own ends. What are the implications of this situation for the long-term stability of Iraq and the further development of Iraq’s energy sector, given the misappropriation of those resources?

**Dr Carole Nakhle:** Iraq has been suffering for decades from wars, instability, sanctions and, recently, Daesh/ISIS. In spite of these problems, in 2015 Iraq had the largest net increase in production in the world, mainly because it has opened its doors to international investors and we saw the boost in production that oil companies managed to achieve in Iraq. That said, the major oil production facilities in Iraq are concentrated largely in the south. Whatever
happened in the north was more than compensated for by the massive increases in oil production from the south.

On the economic impact, Iraq was suffering economically even during periods of high oil prices. I have to admit that some of these problems are self-inflicted because of the lack of effort to diversify the economy. It remains one of the economies that is most dependent on oil revenues. The level of corruption sadly remains quite high, which can be a big barrier to further investment in the country. I used to work in the oil industry, and my colleagues really complained about the delays in getting things approved because of the bureaucracy and the red tape. For private business, just as for any other person, time is money. All these things have backfired, and they outweighed the benefits that any high oil prices could have brought to the Iraqi economy.

I am not downplaying the potential risks of instability in Iraq. We know that even though the Iraqis have managed to recapture some parts of Mosul from ISIS, that has incurred massive military expenses for the Iraqi Government. They also have to rebuild those areas. They have to look after the more than 4 million displaced people. They have to rehabilitate the oilfields and the oil facilities that ISIS or Daesh set on fire as they were leaving some areas. So the financial burden on Iraq is quite high, and it is far from being stable. But it has to start with Iraq creating a more attractive environment for private investment. Yes, we have the big oil companies there but we have massive infrastructural bottlenecks, and those require investment. Unless that changes positively in the coming years, we might see Iraqi production not maintaining its growth of the past few years.

The Chairman: Mr Williams, there were high hopes, were there not? The Iraqis talked about going to 6 million or even 12 million barrels a day. Now they have problems with the Kurds, they have Daesh occupying a third of their territory. How do you see the situation now?

Mr Stewart Williams: The original estimates from the Government were much higher than that—around 11 million barrels a day—which you did not have to be an expert on the Middle East to realise would not happen. It is much lower than that now, but it has still been increasing. As for the security risk from Daesh or IS, they are very much in the north of the country and most of the production is from the south, where it is relatively safe. Occasionally, you might see a random attack, but nothing significant. So most of the production is very safe. We saw outages in production from the north when IS was moving south, but the Peshmerga and the Iraqi forces, with help from the American forces, have pushed them back.

Production is still resuming from northern Iraq and the Kurdistan area. What is interesting is that the Kurdistan Regional Government have taken control of some of the federal Iraqi facilities and are producing them on behalf of the Government and exporting that oil through Turkey, almost taking that as their oil in lieu of what they should be receiving from the federal Government as part of their national budget. We do not think that IS will physically impede Iraqi oil very much, but there is still a dispute between Baghdad and Irbil, the capital of Kurdistan.

Lord Grocott: I know that things are changing on the ground all the time, but as of now, if it is a sensible question, what are the proportions of Iraqi oil
production as between the Kurdish areas, ISIL areas and the Iraqi Government areas?

I have a second question on the same theme. Given all the stability over so many years, can you give us a picture of the potential, with the actual production today, if everything was sorted out above ground?

**Mr Stewart Williams:** On the first question, I do not believe that IS has much control of any Iraqi fields. When it retreated it blew things up—it blew up refineries. It still probably has control of oilfields in Syria, near the Deir ez-Zor area, but in Iraq itself, we do not think they are selling oil to any significant extent. From the Kurdish area versus the south, broadly speaking around 10% of Iraqi oil comes from that area, the vast majority down in the south. They are producing a round total of 4.8 million barrels a day, so they have grown quite well. They could probably bring that up to 6 million barrels a day, but by 2025 it might be more than that. It really depends on sustained investment. Unfortunately, with the low oil price, even though Iraq relies on foreign companies providing all this capital, because of the oil price—the Government have also been fighting IS and spending a lot of its budget there—it has not been able to pay the contractors. So the contractors have naturally also slowed down their investments, which naturally slows down oil capacity for the future.

**Baroness Smith of Newnham:** A question has always puzzled me. If IS has control—you say that it is not going to take too much of the Iraqi oil; nevertheless, Daesh is getting receipts from oil—how can they sell it? How is it not possible to refuse to purchase oil that is produced by Daesh rather than through Baghdad or the Kurds?

**Dr Carole Nakhle:** We are looking at a region where smugglers are very active, so irrespective of whether you are smuggling cigarettes, oil or anything else, there is an established web in the region. Therefore, oil can be quite easy to sell, because once it has left the field and goes on a truck, it can make its way anywhere, so it is very difficult to trace that. Not all the oil that ISIS was producing was being sold on the black market, because some of it was refined using quite primitive refining methods and used for the consumption of the areas that they were controlling. ISIS oil production is concentrated more in Syria than in Iraq. It has benefited, but it had other means of making money from other illicit trade, kidnapping and ransoms, stolen antiques, and so on.

**The Chairman:** There are two giant influences that we have not even touched on yet, which really dominate the whole scene: Russia and China.

Q153 **Baroness Coussins:** Turning to two Asian-Pacific countries and particularly China, could you comment on what you see as the strategic implications of their increasing reliance on Middle East oil. We have heard evidence from others that China’s presence in the region thus far is driven overwhelmingly by business interests alongside a reluctance to get involved geopolitically. In the light of increasing reliance of oil, do you think that that non-interventionist policy is sustainable, or do you see a change in the Chinese policy on the horizon?

**Dr Carole Nakhle:** If we look at the figures in the oil trade between China and the Middle East, we can see that there is an increase in the Chinese reliance on Middle East oil, whereby more than 50% of Chinese oil imports come from the Middle East. We have seen a similar reliance of the Middle East on the Asian market, partly by design, because Asia will be the biggest growth centre for oil
demand in future, and partly because of the refineries in China, which can take Middle Eastern oil.

China’s involvement in the Middle East fits with the one belt, one road strategy, whereby economic projects are the main drivers. China is not new to the region; it has been investing in countries such as Iraq directly in the upstream oil and gas sector. It has been in Iran, despite the sanctions, and has been trading with Israel, and if it can it would like to retain neutrality on politics. I read a paper that the Chinese published, entitled, I think, Middle East Policy. A few terms kept on being repeated: peace, peaceful, stability, and economic development. Peace alone figured more than 25 times in fewer than eight pages. So, ideally, the Chinese do not want to be involved in the entangled politics because they do business with countries with very diverging interests, but whether they can maintain that neutrality is a big question. That said, if I am not mistaken, Japan gets more than 83% of its oil from the Middle East, yet Japan is not that involved in Middle Eastern politics and maintains a neutral relationship with various partners. So it is debatable.

Q154 Lord Reid of Cardowan: My question follows directly from the one that has just been asked, which you answered by saying, “That is a big question”. We are putting you on the spot and asking you the big questions. Is it sustainable to have increasing economic interests in the area, not just as a supplier of oil and as an area in which you are investing but to stay out of political involvement when, as you pointed out, in Iraq and elsewhere the conditions for investment flourishing are heavily dependent on stability, including political stability? Let me ask you the big question: do you think that it is a sustainable policy to rely on investment and avoid getting involved in the politics and social stability of the Middle East?

Dr Carole Nakhle: I feel that if China is to be more involved in the politics of the Middle East, it would be more as a mediator to ensure that everybody gets on well with each other. But if we push that question to ask whether China will be involved militarily if it is required, as for example the US has been, I find it hard to see that happening. I think that China would still look to the US or western allies to play that role. It will of course try to mediate and try to maintain good relationships with everyone. It may be pushed to take sides, but it will try to resist that as much as possible.

The Chairman: Can we turn, finally, to the Russian influence and situation—it comes into everything that we have discussed—both politically and as one of the world’s biggest oil producers? How does its shadow work on the new Middle East scene that is unfolding before us?

Q155 Baroness Hilton of Eggardon: You have effectively asked my question, Lord Chairman. Russia is getting more involved. Do you think that is because it is reliant on more oil from the Middle East, or is it just to enhance its status as a world power, which Putin is enthusiastic about? Russia’s current relationship with Iran, for instance, has surprised many of us. Do you think that it has a reliance on Middle Eastern oil, or is it purely a matter of geopolitical status?

The Chairman: Lady Hilton has put it much better than me.

Mr Stewart Williams: Russia, and before that the Soviet Union, has had a long relationship with the Middle East. In fact, the Soviet Union was the first country to recognise the sovereignty of Saudi Arabia. It has been a bit of a torrid history.
The relationship is more symbolic and more about your second point. In terms of the level of oil investment, Russian companies control about 0.5% of Middle East oil, which is absolutely dwarfed by its own production at home. I think that the Russians have seen an opportunity to grow their presence and to take a bigger place on the stage in the world. They see that opportunity, and why not? Even though it may look as if the Russians have sided with the Shia, given their position on Syria and the fact that companies are being qualified to go into Iran, they still have a good relationship with Saudi Arabia. That was played out in the OPEC agreement and in the very fact that the Saudis and the Russians came to an agreement on price, so there is still a working relationship between the two.

**Dr Carole Nakhle:** May I add a few aspects? To answer the question directly, there is not much of an energy interest for Russia in the Middle East, but the Russians have the following interests. First, the deal with OPEC was mainly to salvage the oil price and to stop it declining further, which will be beneficial for Russia. Secondly, I do not think that Russia did it just for the oil price. Russia’s interest in getting closer to the Middle Eastern countries is also to convince them to invest in Russia, because the Russian economy has been suffering as a result of the sanctions. By filling a power vacuum and standing by the side of the old allies—in this case, Syria—it is trying to show that it is a reliable force in the Middle East. I would say that this is where its interest in the Middle East lies, economically.

**The Chairman:** Do you think that when the Kremlin is dealing with OPEC it can control its own oil and price output in the precise way that quota discipline would demand? Is it in control of the whole system from Moscow?

**Dr Carole Nakhle:** Russia is interesting. This is not the first time that it has agreed with OPEC to cut its production, but in the past it has been a free rider. It has said that it would cut, it has waited for the oil price to increase, then allowed its existing production to benefit from the higher prices. But this time it seems to be determined and the orders seem to have come from the highest level of authority in Russia. Even if it does not want to do it intentionally, people are talking about natural decline in the production in Russia. One can say that that is about less investment, but there is this natural decline, which the Russians would equate to cutting production, but I do not think they would deliberately cut it.

**The Chairman:** We have kept you two experts for an hour and I have a massive list of things that we have not discussed, such as Libya, the Egypt-Israel situation, the eastern Mediterranean, including Lebanon, and many other aspects. You have been enormously helpful in the areas that we have asked you about and we are very grateful for that. I should have said at the beginning that I notice, Dr Nakhle, that you are the founder of the Access for Women in Energy foundation, which is a cause that we can all support. Thank you very much for your time. We have only touched on the massive complexity of the world energy market and how the Middle East is affected by it, but we are extremely grateful to you for guiding us along the way with some of these complex issues.

**Examination of witness**

Lord Lamont of Lerwick.

**Q156 The Chairman:** Lord Lamont, welcome. Thank you very much for joining us this morning and giving us your time and expertise. I will make the procedural statement, which you will know already, that this is a public
session. It is recorded. There is a transcript and you can see the transcript afterwards and amend it as you wish. You sat in on the earlier session, so you have heard where some of our interests lie, particularly on the energy side, but we are looking to you, having held some of the highest offices in the land and now as the UK trade envoy to Iran, to broaden the picture. Please could you give us a short overview of how you see the broader Iran situation? That would be very helpful to the Committee.

Lord Lamont of Lerwick: Thank you very much indeed. I welcome the opportunity to come before the Committee. This report is extremely timely, because we could very soon be faced with an extremely serious crisis between the West and Iran. The President of the United States, Mr Trump, during the campaign promised to tear up the nuclear agreement, which he described as a lousy agreement. General Mattis has threatened to impose new sanctions while keeping the agreement for other things, which would be regarded by the Iranians as a breach of the agreement. Within the first week of the new Congress, two Bills were put before the House for extra sanctions on Iran. The Iran Sanctions Act was renewed by President Obama, which disturbed the Iranians. That means that the presidential waiver has to be exercised every 120 days. The next waiver would be due in April if sanctions are not to be imposed on Iran. All this feeds into the narrative, as seen by the Iranians, of western treachery—the West is not to be trusted—and will be music to the hardliners.

The nuclear agreement was a triumph of multilateral diplomacy. It was worth having for its own sake, as just a nuclear agreement, regardless of what it subsequently might or might not lead to. However, the hope was that it would gradually lead to more involvement and trade and thus to some improvement in relations between the West and Iran. The answer to the situation that we are in is to make the agreement work—it is not working from an Iranian point of view, as we will come to in later questions—not to have a new agreement or to seek to amend it.

I will make a second point about foreign policy. During General Mattis’s hearings before the Senate, Senator McCain described Iran as seeking to make the region in its own image. General Mattis himself is on record as saying that Iran is “a revolutionary cause devoted to mayhem”. I hope that this Committee will regard such statements with deep scepticism. Such statements are certainly complementary to ignoring the subsidisation of terrorism through madrassahs and the production of people from madrassahs, supported by states in the Gulf. They ignore the huge military expenditure, compared with Iran’s, of Iran’s neighbours. I do not believe that Iran has any territorial designs on any other country in the region. We hear a lot about the stirring up of the Shia minorities in the different Gulf states. Many of those Shia minorities look not to the religious model of government, the version of Islamism in Iran: the Vilayat-e Faqih—the rule of the jurist. They look much more to Najaf and Karbala in Iraq, to Ayatollah Sistani, rather than the model of government in Iran.

Lastly, Iran has its own security concerns. The invasion of Saddam Hussein is ever present in Iranian minds. This is a major security concern and remains so today. This is not the first time we have seen Iran trying to engage with the West. We had it with President Khatami. President Khatami tried to improve relations with the West, offered a grand bargain, was rejected, was called part of the axis of evil, and what was the result? The result was an expansion of Iran’s nuclear programme, more hardliners and President Ahmadinejad.
The Rt Hon Lord Lamont of Lerwick, UK Trade Envoy to Iran (QQ148-164)

The Chairman: That is fascinating, and all the issues you raise are ones we will come to in detail in our questions. Perhaps we might fix for a moment on the broad foreign policy issue of whether Iran is moving forward into the comity of nations or is being seen as a source of mayhem, as the Americans said. What is actually happening within Iran as these pressures develop? Is there disappointment that the deal, which we will come to, has not led to liberalisation, expansion, higher living standards and more investment? Is that in turn handing power back to the Revolutionary Guard and the extremists very rapidly, or is a balance being maintained? What is your take on that?

Lord Lamont of Lerwick: The nuclear agreement, when it was signed, was extremely popular in Iran. The conclusion of the deal led to favourable results from President Rouhani’s point of view in the elections both for the Majlis and for the Assembly of Experts—the body that monitors and chooses the Supreme Leader. Since then, however, there has been growing disillusionment in Iran that the deal is not being implemented, that the West is reneging and that Iran is not seeing the benefits of the deal. One hears the phrase, “It’s all ink on paper”.

The essence of the problem is that the sanctions that were lifted by the United States and Europe differ. The United States has retained primary sanctions—this was quite open at the time; everybody knew this but they did not see the consequences—which particularly affect the banks. In recent years the banks in Europe have been fined huge sums of money by the United States for sanctions infringement and breaching anti-money laundering “know your customer” regulations. The result of these massive fines is that European banks are terrified to lend money or even to process payments. It has become extremely difficult to finance trade with Iran.

Just to give an illustration, the Iranian banks in London, of which I think there are five, cannot clear sterling and cannot get correspondent banking relationships. That is why, for example, the Iranian embassy has no bank account. It cannot get a bank to handle its day-to-day payment of council tax—I do not think it pays council tax—or its gas and electricity bills. It has to pay those in cash. There is a sort of paralysis here. The other day I was talking to—I had better not name it—a very well-known multinational company that wished to pay a large sum of money to Iran. It had to do it through a Japanese bank, with a payment route in China, and had to pay in renminbi in the end.

This is all leading to a lot of criticism in Iran. Undoubtedly, the hardliners are saying, “We told you that you couldn’t trust the West, that you couldn’t trust America in particular”. The Supreme Leader, Ayatollah Khamenei, was always very ambivalent in his support of the agreement. He gave his support for the negotiations somewhat reluctantly, publicly at least, and he is now saying, “I told you that you couldn’t trust the United States”.

Baroness Helic: I used to work in the Foreign Office and I remember the attacks on the British embassy, the freezing of relationships and then the defrosting of relationships, putting them on an operable basis for the two countries to interact. I have noticed recently that we have gone in a slightly different direction. Only a few weeks ago, Iran was described as a malign country, and if I am correct Minister Ellwood had quite an uncomfortable visit there. Are we in the process of abandoning our previous policy and getting closer to the Trump Administration way of thinking about Iran, potentially even completely flipping to the ways in which we operated towards Iran a few years ago?
**Lord Lamont of Lerwick:** I hope not. Britain has articulated in its rhetoric more animosity towards Iran, although it has its reasons—I am not saying that it does not—than countries such as Germany, France or Italy have. Germany in particular tends to keep its head down. I think that this has had some effect on trade. The banking problem still affects Germany, but it is interesting that Germany’s exports are 20 times the level of the UK’s and France’s are something like 10 or 11 times the level. We have used words such as “malign”. It is fair to say that the Prime Minister’s speech in Bahrain, when she used the word “aggression”, went down very badly in Iran. Of course, we have different interests and we would take the view that Iran has been complicit in the actions of Russia that we very strongly disapprove of. However, many people would argue that although we may object to what Iran is doing in Syria, it is not trying to expand its influence or acquire territory; it is trying to maintain the status quo as it was, Syria being the only Arab ally that it had.

To go back to the beginning of your question, we have to be careful. We just assume that the language that we adopt will have no effect on our relationship and does not cause extreme offence in Iran.

**Lord Purvis of Tweed:** To follow on from that, the Prime Minister in her Philadelphia speech agreed with the USA’s description of Iran’s “malign influence” and clearly disagrees strongly with you, as she said: “It is a priority for the UK too as we support our allies in the Gulf states to push back against Iran’s aggressive efforts to build an arc of influence from Tehran through to the Mediterranean”. If one looks at the UKTI[120] website, as I did this morning, which is promoting Iran as a place for British business to work in, there seems to be a glaring inconsistency with the Prime Minister’s speech. How do you, as a trade envoy, try to balance the two?

**Lord Lamont of Lerwick:** I am not a member of the Government.

**Lord Purvis of Tweed:** You are her trade envoy, though.

**Lord Lamont of Lerwick:** I am the trade envoy of the Government and when I talk to Iranians it is largely about trade and economic matters. Any views that I express on foreign policy are strictly my own. I am in no way denying that we have different interests from those of Iran in the region. I am not saying for one moment that I support what Iran is doing in Syria, but I do not think that the idea that Iran has territorial ambitions is correct. We hear a lot about the Shia crescent, and what you said reflected what Senator McCain said. If Iran has more influence in the region—more Shia sympathisers—that is largely a product of the American invasion of Iraq, which altered the entire balance between Shia and Sunni in the region. The United States also removed Iran’s other main enemy, the Taliban in Afghanistan. Both those actions have increased Iran’s influence.

This business of the Shia crescent and the Shia minorities throughout the region is something that you used to get in Ottoman times; the Ottomans would see the Shia as agents of the Safavid dynasty in Iran. As I said in my opening remarks, many of the Shia in Bahrain and Iraq—less so in south Lebanon—do not want in their form of governance to emulate the type of theocracy that there is in Iran, which is, in a phrase that you will probably know and that I have just used, Vilayat-e Faqih: the rule of the jurists. Ayatollah Sistani in Iraq is perhaps the most senior ayatollah in the Shia world and many of the people in Bahrain look

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[120] Now the Department for International Trade
to him. Even Mr Nimr al-Nimr, the cleric who was active in the eastern province of Saudi Arabia and was executed recently, did not look to Iran, despite the riots and the attack on the Saudi embassy; he looked much more to Iraq. It is wrong to think that the Shia minority is always controlled by Iran.

Interestingly, when Mr Gates, the Defense Secretary under both George W Bush and President Obama, visited Bahrain at the time of the Shia uprising, it was publicly reported that he told the king of Bahrain to stop blaming Iran for the Shia uprising and look to the conditions under which the Shia lived in Bahrain. Of course, the Shia, throughout the Middle East, have been treated in most countries very much as second-class citizens. That is why these Shia defence groups and organisations—as in Saudi Arabia and as in Lebanon, with Amal and Hezbollah—have come into existence. Many of them predated the Islamic revolution in 1979. It is about the second-class status of Shia throughout the region.

Lord Hannay of Chiswick: I do not wish to belittle at all the cause for complaint that the Iranians have about the way in which the agreement to lift sanctions has worked, which you have outlined, but do you not think that there is probably a pretty large element in that of simply trying to get more benefit out of the lifting of sanctions by making our flesh creep, as opposed to a likelihood that they will break out of the agreement?

Secondly, even if the hardliners were to win the presidential elections in May, their options would be rather limited, would they not? If they took the initiative to break out of the agreement, they would immediately trigger off the snapback on sanctions and everything that has been done so far would be removed, and if they resumed their nuclear programmes and chucked out the IAEA they would make it very likely that there would be a conflict. In a sense, we have to aim off a little, do we not?

Lord Lamont of Lerwick: Yes and no. I do not wholly accept what you said at the beginning: that the effect of the banking boycott is being exaggerated. I see this daily in my role as the trade envoy and as chairman of the British Iranian Chamber of Commerce. British companies just cannot do business with Iran. They find it extremely difficult, because they cannot get any banking facilities at all. RBS has just announced—I am not sure what the purpose is—that for any transaction to do with Iran at all, even for £5, there will be a fee of £10,000. This is an extraordinary way in which to facilitate trade. The banks do not want to process payments with Iran. The situation is similar in France and less so in Germany, where there are a number of German-Iranian-owned banks. I think that it is a real problem. However, I agree with the second part of your question when you said that they do not really have anywhere else to go. There is no fallback option.

The Iranians want to improve trade relations with the rest of the world, as you heard in the earlier part of the session. They want access to western technology. They are fed up with relying on the Chinese and on trading just with Asia. So, as you say, I do not think that even the hardliners would necessarily tear it up. It is very difficult to predict what they would do. Rationally, I agree that they have nowhere else to go, but it is very dangerous just to assume that nothing will happen and that we have them in a corner. Actually, the real priority ought to be

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to make the agreement work—make the Iranians feel there is benefit from this, and then we will have a chance to improve relations more generally.

**Lord Jopling:** I want to follow that up. You described graphically how the agreement is not working. Your answer to Lord Hannay implied that you do not think that they will tear it up. Certainly, in this inquiry we have asked others whether they think the problems you have highlighted will cause them to break out of it. Nobody, as far as I recall, has suggested that they will break out of it. But the United States is where a lot of the problems have come from. I was in Washington when Mr Netanyahu addressed Congress. He devoted almost his entire speech to a tirade against the agreement, and the response of the Congress was, to put it mildly, overexcited. They leapt to their feet more than 40 times. I see no prospect, whatever Trump says, of Congress agreeing to remove the problems you have referred to. To sum this up, does it not mean that the agreement is likely to trundle along, however unsatisfactory it may be, just as it is now, with very few prospects of it changing?

**Lord Lamont of Lerwick:** That may be right, because OFAC, the authority responsible for enforcing sanctions for the United States, has attempted to be helpful. On its website, it has been clarifying how it will apply the sanctions. For example, on due diligence in dealing with possible terrorist organisations and sanctioned entities, it says, “Provided you do adequate, normal due diligence, we will not pursue you”. That is quite helpful, but I cannot see a Trump Administration continuing with that sort of clarification, saying, “We will not prosecute you if you do this or you can demonstrate that you have made reasonable attempts to do this”.

You are probably right that it will just go on, from an Iranian point of view, in a very unsatisfactory way, and the Iranians might not tear it up. Although I think that the agreement is worth having in its own right because of the stopping of proliferation, which is the main purpose of it, the hope was that the agreement would gradually lead to Iran becoming more interconnected with the outside world, with more trade and more interaction with foreigners, and that this might lead gradually to an improvement in relations, possibly even with the United States. But at the moment, the way the agreement is being implemented is feeding into the narrative that is built on the Iranian history of being interfered with, being double-crossed and being dealt with badly by the West. The whole Iranian Revolution in 1979 was very much a reaction against being manipulated and being interfered with by foreign powers, particularly Britain and the United States. I do not think we always understand how Britain is seen in a very unfavourable light by many Iranians.

**Q158 Lord Inglewood:** You have more or less answered the question I was going to put to you, which is: in your experience, are we perceived in this country as being duplicitous and perfidious, or do they see us as we see ourselves: as people of the highest consistency and integrity?

**Lord Lamont of Lerwick:** Someone once said, “The Iranians are the last people who think that Britain is a very great power in the world”. Just this week the Supreme Leader, Ayatollah Khamenei, made a quite outspoken speech in which he referred to the main threats to Iran being Zionism, America and Britain. We were up there, right at the front.

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Baroness Coussins: I agree with you about the importance of the deal and of making it work on both sides. But if Iran is looking for better and more trade relations, is it not shooting itself in the foot by imprisoning British-Iranian dual nationals such as Nazanin Zaghari-Ratcliffe? What more do you think can be done on that front?

Lord Lamont of Lerwick: I totally agree with you on that, and I have raised that with the Iranians on several occasions. I have written to people I thought might have influence within Iran about the case of Nazanin and another dual national, Mr Foroughi, who has been in prison for some years. There seems to be some sort of deliberate campaign against dual nationals. Some have suggested that it is because hardliners, who want to undermine the deal, wish to frustrate and prevent the return of diasporan Iranians who have dual nationality and who obviously can do a lot for business in Iran, to prevent them challenging the establishment, which is deep into business. Do not forget that the IRGC—the Revolutionary Guards—have a lot of business interests in Iran. Opening up is in many ways a threat to their interests. President Rouhani has been very courageous and open and public about saying that the IRGC should keep out of business. He has been attempting to constraint their activity in the economy. As you say, the treatment of people such as Nazanin makes life for people such as me, who advocate a better relationship with Iran, extremely difficult. The people who are ultimately hurt by this are the people of Iran.

The Chairman: Now let us focus on the actual deal. Lord Hannay.

Q159 Lord Hannay of Chiswick: There are obvious inadequacies in the nuclear deal. The most obvious one is that it runs for only a limited number of years and is not necessarily to be regarded as very stable or long-term. There is obviously the remaining huge concern about what would happen if Iran, after the period when the deal remains, however long it is, were to resume a programme that could be interpreted only as a weapons programme or preparation for a weapons programme. Do you think that one possible way of removing that fear and concern, which could also be attractive to a US Administration who have slated the agreement as being the worst ever done, would be to try to address this problem of the short-term nature of it and try to see if we could generalise and globalise some of the constraints in it on the level you can enrich to, the number of centrifuges, the question of separation of spent fuel, and so on, more widely across the world and thus make the Iranians feel that they were no longer being picked on? The questions so far have revealed that there is nobody in this Committee—certainly not you—who thinks that we would be better off without the deal. We all think that sustaining the deal is the right thing to do. But do you think its development in this way might avoid a straightforward confrontation between five members of the P5+1\(^{123}\) and the United States Administration?

Lord Lamont of Lerwick: That is a very interesting idea, and in the longer term perhaps processes such as enrichment ought to be internationalised, and when countries wish to enrich uranium they should do so in partnership with other countries and obviously under international supervision, as it is according to the NPT.\(^{124}\) Internationalising nuclear programmes in this way would be a way of

\(^{123}\) The five permanent members of the UN Security Council and Germany

\(^{124}\) The Non-Proliferation Treaty
aligning the constraints on Iran at the moment with the rest of the world. However, one problem would be that the non-aligned movement—to use an old-fashioned phrase—or third-world countries will not want to be in an inferior position to advanced industrialised countries. As you know, they already think that advanced countries are in a favourable position, and it would be quite a challenge to get them to sign up to something that did not put countries such as Britain and the United States on the same basis. It would be very difficult to get the United States to sign up to something like that. So it is a very good idea, but it would require a lot of very energetic diplomacy.

On the issue of the short-term nature of the agreement, most of the provisions last 15 years, but some go on longer—and, of course, the NPT applies to Iran, which has said that it will abide in perpetuity with the provisions of the NPT. It has specifically said that it will not do R&D into certain areas of technology. I know very little about these things, but for a nuclear warhead the uranium or plutonium has to be in metallurgical form. It has said that it will not do research into that. There are some specific areas of the agreement that last until 2036 or 2041. For example, there will be very close monitoring of the production of centrifuge rotors and bellows until 2036, the significance of which is that it will make it very difficult for them to divert those key components into a secret nuclear programme while their mainstream programme is being monitored at the same time. That is also true of the production of uranium concentrate, yellowcake, is being monitored until 2041, by which time I will be 99. Again, given the NPT provisions that we are applying to the main programme, it would be very difficult to divert material to some secret programme.

We will also have the benefit of the additional protocol, which has not yet been ratified by Iran, but it has said that it will do so and it is behaving as though it has signed the additional protocol, which gives the IAEA the opportunity to visit sites that have not been declared as nuclear sites but where they suspect or might have reason to believe that something illicit is going on. Of course, the knowledge of what is going on in Iran with the use of the additional protocol will build up very significantly over the years. By the end of 15 years, with the additional protocol, the IAEA will know a huge amount about what is happening in Iran.

Lord Hannay of Chiswick: Could I just ask you to situate that against allegations—quite well-founded ones—that the Iranians’ missile programme is not in full conformity with the JCPOA\textsuperscript{125} and seems to have an intent that is not quite as pacific as what you have been talking about?

Lord Lamont of Lerwick: As I understand it, the UN ban on ballistic missile testing was lessened on implementation day for the JCPOA—that is, in January last year—and it became a call to Iran not to test ballistic missiles. There is no equivalent to the NPT to do with missile tests or the chemical weapons agreement. Iran has quite openly stated that it is not covered by the JCPOA. For Iran, testing missiles is an absolute red line. During the Iran-Iraq war, it found that it had to buy missiles on the open market when Teheran and other cities were under attack from Iraq. Other countries in the Gulf have ballistic missiles; there is a strategic missile force in Saudi Arabia, and there are air-to-ground missiles which countries such as UAE and Abu Dhabi have. The Iranian air force is relatively weak. I once heard General Petraeus say that the UAE air force could

\textsuperscript{125} The Joint Comprehensive Plan of Action aka the Iran nuclear deal
wipe out the entire Iranian air force in half a day. We sell these huge amounts of arms to the Gulf and take no account of what effect it might have on the psychology of the Iranians.

The Chairman: Did they not buy this latest missile from the North Koreans—the Musudan missile that they tested out on Sunday?

Lord Lamont of Lerwick: I do not know about that. I think they are manufactured locally. I am not sure that they are always quite as successful as the Iranians maintain. I remember some while ago that there was a photograph on page one of the Financial Times of an Iranian missile test, and underneath it said that the photograph would appear to have been doctored because four of the missiles did not take off successfully.

The Chairman: Baroness Smith, did you want to pursue the possible Brexit impact on the whole deal negotiation? We did not quite cover it, I think.

Q160 Baroness Smith of Newnham: No, we did not quite. The witness biography suggests that Lord Lamont is well placed to discuss the future of the UK from a pro-Brexit standpoint. Clearly, the deal was part of an E3+3 agreement, and the UK will find itself in potentially uncharted territory when we leave the European Union. One question is to what extent you think the UK will have a significant role—obviously, you are a trade envoy to Iran, but I mean in the security arena. To what extent does the European Union still have a role to play in Iran? Would he argue in Parliament and to the Government that for the United Kingdom to continue to be influential in the security field we should be as close as possible to our European Union erstwhile partners?

Lord Lamont of Lerwick: Yes, I would agree with that. We will be part of the joint commission, which is responsible for monitoring the agreement and hearing complaints from either party as to whether the agreement is being upheld. So we will continue to have a very close role. Obviously, we will not be part of the internal EU discussion, but I would have thought it perfectly possible that we could establish a mechanism whereby we could co-ordinate or collaborate with the EU—and it is extremely important that we do so. If we were to get into a situation where the United States tore up the agreement, it would be very difficult, but I would be sympathetic to looking at a way whereby Europe might continue to have the agreement with Iran. I saw that the French Foreign Minister earlier this week said that France was very strongly in favour of maintaining the agreement and would oppose efforts, if any were made by the United States Government, to tear up the agreement. One ought to make the point, just for the sake of even-handedness of course, that it is always an objective of Iranian policy to try to separate Europe from the United States.

The Chairman: We have been talking about the deal, but in every day’s newspapers there are reports of tension between the Iranians and the Americans or the Iranians and other powers in the region. Lord Reid wanted to pursue this.

Lord Reid of Cardowan: Just to broaden it out, you mentioned earlier the historic relationship between Sunni and Shia, which tends to be the prism through which a lot of people see this. Yet, apart from religious differences, there are of course ethnic differences as well. There are Arabs and Persians, who have an equally long historical relationship. Of course, we have a complex web of

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relationships with many of the Arab states, particularly the Gulf states. They certainly have a perception, and act in lobbying terms on that perception, that the West has been far too soft on Iran with regard to missiles, as Lord Hannay said, sponsoring terrorism, and their own minorities, or in some cases even Shia majorities, in the Gulf states. Do we take it from what you are saying that we should be highly sceptical of claims of that political lobbying, or do you accept that we have to respond not only to Israel’s concerns but to those of our other allies in the region? This gets to the nub of what you have been implying throughout. You have not used the word “propaganda”, but there is an exaggerated fear of Iran that is being encouraged by, among others, the Arab states. Is that a correct perception of your feelings on this?

**Lord Lamont of Lerwick:** I think that Arab countries’ fears have increased. They were always there when the Shah was in charge of Iran, but they have increased, first, as I said earlier, by the toppling of Saddam Hussein, which has made the concept of the Shia Crescent more credible but was not something that Iran itself brought into being. Secondly, there was the declared aim of Obama to tilt away from the Middle East towards Asia, which led to a feeling that perhaps they might be neglected. But, yes, I do not think that our attitude is entirely even-handed. We have very close relationships—I am not saying for one minute that they should be torn up, but we have close commercial and historical relationships. We have, as you know, an intelligence relationship, particularly with Saudi Arabia. That means that we tend to see things entirely through the Arab countries’ eyes and do not see the insecurities that the Iranians have.

You are quite right to make the point that there are many different layers in this: the divisions between Shia and Sunni and Arab and non-Arab. The Gulf states take the line that Iran has no business interfering in Arab affairs. Now what does that mean? Does that mean that Iran, because it is a non-Arab country, does not have a great say in security in the Persian Gulf? Is that a matter entirely for the Gulf Arab states? That seems an unreal view. We have bought into the view that Iran should have no say in Arab affairs, when plainly it wants to be recognised and has a legitimate argument for being a country that is important within its particular region.

When you say, “soft on terrorism”, please do not misunderstand me. I am in no way supporting Iranian policy in Syria or anything like that, but one has to distinguish between that and what we call terrorism. Iran has been quick to make the point that the President of the United States has made this executive order banning people from six countries, including Iran, from entering the United States, but not one of the countries that provided the nationals that were involved in 9/11 has been included in this.

The Iranians themselves have a strong interest in fighting terrorism in the region. They are very afraid of ISIS and of ISIS getting a foothold or getting control of Iraq—the country that invaded them, in a war that lasted longer than the First World War and cost them almost as many casualties as we suffered in the Second World War, and that is a minimum. We should not forget that Iran suffers from terrorism itself. There has been the assassination of nuclear scientists, some of them very junior—people shot in the streets because they have been involved in the nuclear programme. Somebody somewhere is behind these acts.

We hear a lot about Iran and cyberwarfare. The first act of cyber warfare appears to have been, if what we read is right, by Israel and the United States, with
Stuxnet fed into the Iranian nuclear programme. Since then the Iranians have developed their own form of cyberwarfare as a reaction. There have been allegations about attacks on Aramco, which may well be true—I have no idea. So I do not think that we have been remotely soft on Iran; we have sometimes failed to see things as they see them, from their point of view.

**The Chairman:** Lord Grocott, would you like to combine the Israeli question with the other question you were going to ask?

**Q161 Lord Grocott:** Yes, I suppose it relates to it quite a lot. Picking up on Lord Reid’s point, you described very convincingly—for me, at any rate—the grounds for some sense of victimhood on the part of the Iranians with regard to western involvement in the Middle East over a very long time. You also described their military fears, in relation to Israel but also to the Gulf states. Arms exports and supplies in the region are a huge issue, as we have heard from some other witnesses. What are your views on that? In very crude terms, for obvious reasons, in relation to Iran we try to limit or control the capacity to be a threat, whereas we could be perceived in other parts of the Middle East to be providing the equipment that can fan flames—and is dramatically so doing, it could be said, in Saudi Arabia and Yemen. What do you have to say about the whole issue of arms supplies in the Middle East?

**Lord Lamont of Lerwick:** Well, Britain and the United States have exported massive amounts of arms to the Gulf states. Iran is subject to an arms embargo. Iran spends much less on defence than Saudi Arabia does. I do not know whether that is true, but I read that the UAE defence budget is larger than Iran’s. Iran would be a very difficult country to invade, but, as I said, it does not have a strong air force. One can take both an aggressive view and a defensive view of Iran’s alliances with different groups in the region, such as Hezbollah. Part of this, as I said before, is the Shi’ites’ reaction to their own position.

But I think Iran sees the connections that it has with different groups throughout the region as an asset, for its own asymmetric defence. This was once put very vividly by Larijani, the Speaker of the Iranian Parliament and former nuclear negotiator, who said, “If Iran is attacked by the United States, expect Israel in a wheelchair”: He was, in effect, saying “We know we can’t defend ourselves, but we’re capable of attacking Israel in response”. They will not give up these groups while they feel insecure.

Interestingly, in 2003, President Khatami offered to the West and the United States the grand bargain in which relations would have been normalised; Iran would have stopped the anti-Israeli activities of Hamas and Hezbollah. The relationship with Hamas has very much deteriorated since. He offered that in 2003; he wanted to normalise relations. At that time, as you know, Iran was giving some help with the invasion of Afghanistan with the northern alliance. It was rejected, but that was part of what he put forward—reining in some of those groups.

**Lord Grocott:** In a different respect about the Gulf states, we have had evidence from earlier witnesses that the Gulf states, whatever their rhetoric might be in relation to Iran, in practical terms carry on economic relationships, presumably to the benefit of both sides. Would you like to comment on that?

**Lord Lamont of Lerwick:** Before I comment on that, can I make one rather impertinent suggestion? To some of you, it might appear rather outré. I gather
that the Committee was going to go to Teheran but that that is now unlikely, but
perhaps you might take evidence from an Iranian living outside Iran who has
close connections, someone like Hossein Mousavian, an academic at Princeton
University, who used to be Iran’s nuclear negotiator and who understands 100%
the Iranian Government’s viewpoint and could tell you exactly. Rather than just
having it from someone like me, you could get from someone who had been an
official of the Iranian Government, which might be very helpful to the
Committee.

The Chairman: Thank you for that suggestion.

Lord Lamont of Lerwick: On Lord Grocott’s question, yes, there is more Gulf
involvement in Iran than you might think. There is a lot of property investment
from Saudi Arabia in Teheran. Some of the investment is rather indirect. For
example, the Austrian oil company, OMV, is part owned by the Abu Dhabi
Investment Authority, and that is a major investment in Iran. Dubai is a major
trading partner of Iran; a lot of British goods are probably unrecorded as going
to Iran, because they go through Dubai. Within the UAE, Dubai perhaps has a
slightly more favourable view of Iran than do other countries within the UAE,
because it is so close and there are many people of Iranian extraction there as
well. Although it is outside the GCC, Oman has a very close relationship with
Iran. A lot of trade goes via Oman, and it has been a very important country
diplomatically in fostering contact. The original nuclear start-up negotiations
were conducted in Oman; a lot of secret diplomacy went through Oman.

Q162 Lord Hannay of Chiswick: After the somewhat depressing depiction that
you gave of the mutual insecurity in the region and the fears that Iranians
have of Arabs and Arabs have of Iranians, does it strike you that a medium
to long-term aim ought to be a sort of commitment not to interfere in
people’s internal affairs and not to destabilise other countries, but to work
for greater co-operation, which we managed for some period of time in
Europe, at any rate? What attitude do you think the Iranians would take to
some kind of regional live and let live modus vivendi? It looks pretty
unrealistic at the moment, but is that not what should be the medium to
long-term aim of those who want to see a more stable Middle East?

Lord Lamont of Lerwick: I totally agree with you. What is needed is some sort
of regional architecture in which Iran and Saudi Arabia are involved and Turkey
and Egypt might be involved. There has to be a recognition of the role of the
main players all having a say. The Iranian Foreign Ministers—I am talking not
just about Zarif but his predecessors—have floated ideas like that, and Iran
would quite like to be closer to the GCC, but the GCC is not very keen on that. I
think that President Ahmadinejad was invited to a GCC meeting a few years ago,
which is the sort of thing that ought to happen more regularly.

An interesting statement was made by Admiral Shamkhani, the secretary of the
Iranian national Security Council just a few weeks ago. It is interesting because
he is an Arab who has that position in Iran. As you know, only 50% of the
population of Iran are actually Persian. He said that, contrary to what many
people think, it is not a foreign policy objective for Iran to overthrow the House
of Saud. If that were to happen, it would have disastrous consequences for the

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region, because it would result in the Balkanisation of Saudi Arabia and almost certainly part of Saudi Arabia would fall into the hands of al-Qaeda or ISIS.

Q163 Lord Reid of Cardowan: The dog that has not barked so far is Israel. It certainly appears from time to time that it is the foreign policy ambition of Iran to wipe Israel off the map—I think those were the words of the previous President. Just as there is tension between Arabs and Iran, there is obviously a very great tension between Israel and Iran. You mentioned the Stuxnet virus earlier, which may not have been the first act of cyberwarfare because there has been Georgia and Estonia and so on, but certainly in its magnitude it was a game changer. Some people might argue that that method of cyber-intervention in the Iranian nuclear production happened at least partly because the Americans feared that, absent something like that, the Israelis might attack with unintended but huge consequences. So there has obviously been a great potential volcano there, lying just beneath the surface in that relationship. Do you have any views on whether any incremental measures could be taken to try to reduce the tension between the two?

Lord Lamont of Lerwick: I think you are right in asking the question, although I am not sure that I know the answer. Incremental measures would be the only things that would be realistic. Interestingly, as you will remember, even during the time during Khomeini’s Iran, there were secret contacts with Israel—and, indeed, Israel supplied Iran with weapons during the Iran-Iraq war, despite all the rhetoric. I understand entirely Israel’s fears about Iran because of the rhetoric that has sometimes come out, and obviously Israel would be the most at risk were Iran to develop a nuclear weapon.

I do not think that Iran is at all likely to attack Israel, given that Israel has a massive ability to retaliate. Some of the outlandish things you hear from American Senators about mad mullahs going to their deaths and the destruction of Israel are plainly absolute nonsense.

For Iran, the anti-Israeli rhetoric has sometimes been very convenient politically in appealing to the Arab street. Iran wants to appeal to the Arab street to legitimise itself as a country in the region that is showing up the Saudis, or whoever, in their attitudes toward Israel. The Iranian public are not very interested at all and do not want to be involved in any quarrel with Israel. Interestingly, as you know, Iran is the only country in the Middle East outside Israel with a Jewish population. The Jews have guaranteed representation in the Iranian parliament. Undoubtedly, the attitude towards Israel—the perceived hostility—has been one of the major reasons for making America hesitant about improving relations with Iran.

Q164 The Chairman: Lord Lamont, we have been bombarding you with questions for an hour. Can we go back to where you began? You began by saying that you saw a very serious crisis coming in relation to Iran. We all know the Persian nation has always been a bit of a trouble to the West, ever since Xerxes tried to cross the Hellespont, but are you now saying that if we do not go ahead with the Iran nuclear deal you see the weaponising of Iran’s nuclear power and a weaponising of the whole area, and possible attacks between Israel and Iran, as Lord Reid has just been talking about? Is that the disaster that you see looming unless the Iran nuclear deal can somehow be sustained and developed?
Lord Lamont of Lerwick: No, I do not see the weaponising of the nuclear programme. I do not think Iran would go down that route. It would open itself up to an attack from the United States. Even if the agreement is torn up, I do not see the Iranians doing that. What they might do, of course, is what I think they did before—goodness knows what their ultimate intentions were—perhaps developing enrichment facilities outside the agreement, giving themselves an option. No one knows—certainly I do not—exactly what they were intending, but one of their aims after the Iran-Iraq war, or in the latter stages of the Iran-Iraq war, may have been to have the nuclear option, but at least as far as public evidence went they never went beyond having it as an option.

I do not see the Iranians weaponising or developing a nuclear weapon. That is not what I am saying. I am saying that if the agreement is torn up, I think the hardliners will get an upper hand and the tensions in the region between Iran and its neighbours—and anything it can do in the region to annoy the West—will become much greater. I think there will be a very severe deterioration in relations, and the total undermining of the reformists and people such as Rouhani.

The whole history of Iran since the revolution in 1979 has been about the tension between the more radical elements and the pragmatists. Whenever the pragmatists have had the upper hand and have come to the West, as Khatami did, they have been rejected. I do not doubt for one minute that Rouhani is sincere about opening up Iran and having deeper commercial contacts, leading to changes in Iran, but this is all fiercely contested. We talk about Iran and Iranian attitudes as though there was one single attitude, but Iran is a country where there are several centres of power. The situation between those different factions is very competitive. The tearing up of the agreement would give the upper hand to the more radical, much more hard-line, anti-western elements.

The Chairman: Thank you. You have spoken with enormous authority and knowledge, ending on a slightly sombre note. I hope that countries and places outside this Committee can hear what you are saying, as I am sure they will. On behalf of the Committee, thank you very much indeed for sharing your time, knowledge and expertise with us.
Mr Daniel Levy, President, US-Middle East Project (QQ172-182)

Transcript to be found under Mr Tom Fletcher CMG
Ms Clare Lockhart, Director and Co-founder, Institute of State Effectiveness – Written Evidence (MID0006)

Ms Clare Lockhart, Director and Co-founder, Institute of State Effectiveness – Written Evidence (MID0006)

Co-submission to be found under Ms Mina Al-Oraibi
Mr Philip Luther, Middle East and North Africa Research and Advocacy Director, Amnesty International (QQ 101-113)

Transcript to be found under Ms Rebecca Crozier
Sir Simon McDonald, Permanent under Secretary, Foreign and Commonwealth Office (QQ134-147)

**Sir Simon McDonald, Permanent under Secretary, Foreign and Commonwealth Office (QQ134-147)**

Transcript to be found under The Rt Hon Boris Johnson MP
Mr Oliver McTernan, Director, Forward Thinking (QQ 72-100)

Transcript to be found under Dr Ahmed Al Hamli
Mr Peter Meyer, Chief Executive Officer, Middle East Association (QQ 165-171)

Transcript to be found under Mr Abdeslam El-Idrissi
The UK has a significant range of defence assets deployed in the Middle East. As the Prime Minister described in December 2016, we are investing £3 billion of defence spending in the Gulf over the next decade; more than in any other region in the world. Our Defence footprint comprises three core elements – a growing permanent presence, operational activity, and regular training activities and other visits.

We do not generally discuss specific numbers in order to safeguard operational security and the safety of our personnel. In addition, due to variations in operational commitments, routine visits and training, the precise number of Armed Forces personnel in the Middle East will fluctuate on a day-to-day basis.

However, the following provides a high-level overview of UK defence commitments in the Middle East:

- Defence attachés are permanently resident in Bahrain, Cyprus, Israel, Iraq, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, Turkey, and the United Arab Emirates.

- We currently have approximately 2,800 military personnel stationed in the Middle East.

- We have sizeable Loan Service teams deployed across the region, for example in Kuwait, Oman, and Saudi Arabia, providing long-term capacity building.

- We are establishing a more permanent defence presence in the region through a new permanent naval facility in Bahrain (HMS JUFFAIR), a new Regional Land Training Hub in Oman, and a new British Defence Section in Dubai, and through further developing our presence at Minhad airbase in the UAE.

- We are deploying more short-term training teams to build our partners’ capacity. In the last 12 months, we have deployed almost 100 training teams in the region. In 2018, Exercise SAIF SAREEA 3 will take place – the largest UK-Omani exercise for 15 years.

- We have had a persistent naval presence in the Gulf since the 1980s. It now includes a frigate or destroyer, as well as four mine-clearing vessels. HMS Ocean – the largest operational warship in the Royal Navy – recently concluded a Middle East deployment, in which the warship worked with a number of countries East of Suez.

Received 24 March 2017
Mr Jamie Munk, Lawyer, Department for International Trade Legal Advisers (QQ 208-217)

Mr Jamie Munk, Lawyer, Department for International Trade Legal Advisers (QQ 208-217)

Transcript to be found under The Rt Hon Dr Liam Fox MP
Dr Carole Nakhle, Energy Economist, Crystol Energy (QQ148-164)

Transcript to be found under The Rt Hon Lord Lamont of Lerwick
Professor Umut Özkirimli, Professor of Political Science, Lund University and Senior Fellow, Sabanci University. (QQ 101-113)

Transcript to be found under Ms Rebecca Crozier
Mr Nicolas Pelham, Middle East Affairs Correspondent, the Economist. (QQ55-71)

Transcript to be found under Mr Paul Danahar
Sir Derek Plumbly, former British Ambassador to Egypt and Saudi Arabia and UN Special Co-ordinator for Lebanon. (QQ1- 10)

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Wednesday 12 October 2016

11.30am

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

Evidence Session No. 1 

Heard in Public

Questions 1 - 10

Witnesses

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

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

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

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

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

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

I think we bring important assets to the table, including in areas, military and humanitarian, which are not actually mentioned in the mission statement. They include, in no particular order, longstanding relationships, particularly in the Gulf, and the sort of access that that should give you; P5 membership; diplomatic expertise, regional experience; and aid, being the second-largest bilateral donor to the humanitarian programmes with large and impressive programme budgets now in the FCO and across Government, strategically pooled, of which the largest is the Conflict, Stability and Security Fund.

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

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

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

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

This is not a criticism of the UK’s alignment on Syria, or our declared support for the Syrian opposition or whatever. However, in seeking to bring the Syrian regime and, even more, the Russians and the Iranians, to the table, we have

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very few cards in our hands now because of this collective retreat, very little by way of the sticks and carrots needed to put a sustainable arrangement in place on the basis of which you can safely say that you will be able to confront and completely defeat ISIS.

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

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

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

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

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

Now, what people really look to is London, soft power and so on. In Egypt, where I am on the board of a couple of universities, they very much look towards the UK as a primary source of partnership in education. That is another strength that I did not mention, but it is a real strength, the soft power draw of the UK.
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One last thing I would say is that next year is 2017, the hundredth anniversary of the Balfour Declaration, and that will be hung around our necks again, properly since the job was only half done. The promise to the Jewish people materialised, though not necessarily through our own performance after it, but that to the Palestinians was never delivered on.

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

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

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

**Sir Derek Plumbly:** Yes.

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

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

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

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

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

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

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

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

Lord Purvis of Tweed: Yes, Lord Chairman, thank you. Before, if it is appropriate, I would declare an interest I may have in this Committee. I refer to my entry in the register of interests. I am a senior adviser to a cultural and dialogue body which has done work in the Gulf, I am an associate with Global Partners Governance, which has done work in Iraq and the Middle East, and I am
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a member of a British Council inquiry into resistance to radicalisation for young people in the MENA\textsuperscript{129} and Maghreb region.

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

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

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

\textbf{Q4 Lord Jopling:} I am not quite sure, following Lord Purvis, what interests we need to declare. Just to be on the safe side, I am vice-president of the NATO Parliamentary Assembly. Sir Derek, you have explained to us very helpfully the current state of UK policy in the region, so can we now turn to what is going on in the region and the trends, and I am thinking particularly of the political, the economic and the geopolitical trends in the Middle East, so could you talk about those to us? Probably you could spend a whole day doing that.

\textbf{Sir Derek Plumbly:} There is a risk of that.

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

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

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burden, but it also means a continuing requirement to support the neighbours, as we were discussing earlier.

Broader trends? We should remember that 60% at the present moment of the population of the Arab world, according to UNDP,\(^{130}\) is under the age of 30. These are the people who do not have the habit of deference and, although they may not take to the streets to demand freedom immediately again, they might vote with their feet if the job opportunities are not there. That is a phenomenon you hear of in all countries in the region – that the young will vote with their feet and leave if they can.

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

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

Regionally, Iran has the benefit of the nuclear deal. One year on the agreement seems to be looking secure, it has held but it is not producing change with the speed that some of its advocates thought might be the case inside Iran. In the climate I have described, the Saudis feel pretty alone and—absent other key Arab players, and Egypt of course is particularly preoccupied — they have had leadership thrust upon them. With the generational change to which I referred, we are seeing a new and more decisive approach, one we will be living with for some time to come.. On the economic front, Vision 2030\(^{131}\) and the promise of change there is impressive and points at least the prospect of diversification and a measure of reform.

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

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\(^{130}\) UN Development Programme

\(^{131}\) Saudi Arabia’s vision to reduce the Kingdom’s reliance on oil.
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because of the way things have been handled and things that have happened, access is not perhaps as easy as it was.

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

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

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

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

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

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

There are specifics as well, of which I will mention two. One is the Quartet on Israel/Palestine, on which the EU represents Europe collectively. In that sense we will not be there on the Palestine issue, so that is another reason why I think we will have to show more national attention to it than we have to date, although the Quartet has not, to put it mildly, been very effective.

On the positive side, there is genuine interest I think in the implications on the trade side, at least as regards the Gulf. I was in Saudi Arabia when the idea of an EU-GCC\textsuperscript{132} free trade agreement was first mooted way back in 1990. It never happened, but there is interest I detect now on both sides in such an arrangement with the UK. Given the scale of trade and the scale of investment both ways, that is something that could be useful, but of course it is some way down the road.

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

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

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

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

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

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

\textsuperscript{132} Gulf Coopoeration Council
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turbulence in a way that perhaps people in the West are unable to do. They would have similar interests, I would guess, in for example, Iran.

But all this speaks to a rather cautious political approach. President Xi made a regional tour a month or two ago and visited all the key places, but it looked a little like theatre on the political side. I cannot speak to what went on obviously, but it felt like that. That said they are moving. China is, for example, building a base in Djibouti alongside the French and the Americans, who are already there. In Lebanon, there were Chinese peacekeepers with UNIFIL\(^{133}\) — engineers — on my watch. The posture is a cautious, team-playing one in my experience. Certainly it was in Lebanon within our support group. Although they naturally align with Russia on issues to do with Syria in the P5, for example, they are again cautious. You will have seen their abstention on the French draft on Saturday. Maybe that reflects the fact that their interests remain economic, and staying in with everybody, which is helpful and perhaps will continue to be the case unless you get an escalation somewhere else, which might change the orientation of Chinese policy generally.

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

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

Q7 The Chairman: At the root of all this disturbance, one hears it asserted, is a lack of employment, the youth without jobs, the failure of the Arab world to catch up with globalisation and general economic misery. At the same time, they have revenues, floating on a sea of oil and gas. What are the chances of all this talk about diversification in Saudi Arabia, new industry and a new Arabia arising? How much hope can we put in that, or are we facing an area which is inherently bogged down in a lack of economic

\(^{133}\)The United Nations Interim Force in Lebanon.
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growth and is going to stay that way?

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

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

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

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

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

Sir Derek Plumbly: It is very important, clearly, and it is currently at rock bottom. There are no formal relations; they have broken off diplomatic relations after the attack on the Saudi embassy in Tehran. In my time in Lebanon, people would always talk about how, if there is a problem, Saudi Arabia and Iran can signal, give an amber light that X will happen, and all will be well. There was a certain truth in that. Both had their particular strengths in the country, and that is true elsewhere in the region, although there are other elements; it is not just Saudi/Iranian tension that is causing the problems we see.

I do not have a silver bullet to suggest. Yes, it is a religious tension, but it is about politics as much as religion, though it feeds on and into the sectarian fears to be found in countries where there are minorities of the other side, Sunni or
Sir Derek Plumbly, former British Ambassador to Egypt and Saudi Arabia and UN Special Co-ordinator for Lebanon. (QQ1- 10)

Shia. What is to be done about it? Again, as I said, there is no silver bullet. The UK approach should continue to be a combination of solidarity with the Gulf and cautious engagement with Iran. We should encourage openings, if we see them, but that is not immediately on the horizon. I am not sure there is an overall deal to be striven for; it is more a case of trying to stabilise and move forward on the various dossiers, whether it is Syria, Iraq or whatever—in the case of Syria, ensuring they are both in the room there and within the ISSG,\textsuperscript{134} the International Syria Support Group. If you are looking for something that would ease matters, the Saudis in particular and many across the Arab world generally have a very clear picture of expanding/extending Iranian power and influence—the fighting in Syria obviously and their influence in Iraq, the position in Lebanon and so on—and they see their hand in Yemen too. If a political settlement in Yemen were possible between the parties there that would ease things. When the Houthis advanced on and took Sana’a in 2014, it tipped a relationship in which there was a possibility of talking into one in which the Saudis and most Gulfis on the one hand and the Iranians on the other were not talking at all.

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

**Sir Derek Plumbly:** Obviously the Saudis, in particular, were extremely nervous about the Iran nuclear deal. As it has progressed, their reasons for concern, I would guess, have diminished somewhat. There has been a serious and common attempt to reassure them and stand with them on this and it has had some effect. At the moment and for as long as these individual conflict situations persist, the focus is more on the Iranian role there and that of their protégés, Hezbollah in Syria and the Iraqi militias too, in support of them. Assad is almost totally dependent for ground forces on the assistance he is receiving in that way. The fear of encirclement is real. Of course, if it were felt that the nuclear deal was not going to be effective in containing what was perceived as an Iranian nuclear threat that would change things. And there must also be underlying worry that Iran will grow stronger, with more resources at its disposal, but the speed of this now looks less likely to be that rapid, frankly. Iran too must be affected economically by the role it is playing across the Levant, as the Saudis are by the war in Yemen.

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

**Sir Derek Plumbly:** Was that within Iraq specifically?

**Lord Purvis of Tweed:** Iraq, and you mentioned Syria with the Hezbollah, so some of the non-states, but I am thinking particularly about Iraq, where I have returned from where that is a very major part of the political debate. Is this

\textsuperscript{134} International Syria Support Group
Sir Derek Plumbly, former British Ambassador to Egypt and Saudi Arabia and UN Special Co-ordinator for Lebanon. (QQ1-10)

simply part of an emerging two-bloc scenario which, ultimately, is breaking down on a sectarian basis?

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

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

**Sir Derek Plumbly:** There is a caveat here, that my expertise is not so much on Iran and where it might move. My sense is that within Iran there is a coming together basically, an acceptance of the deal, but a recognition of its limitations and a criticism of the fact that it has not produced all the benefits they were hoping for or, at least, that President Rouhani said he was going to get. I do not know to what extent this is a question of the Congress and its moves. I thought the Treasury was able to give approval to particular deals or arrangements, and Boeing and Airbus seem to be approaching a point at which they may be able to deliver the aeroplanes that the Iranians were hoping to buy from them. You may be right.

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

**Sir Derek Plumbly:** There was, yes.

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

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

**The Chairman:** You have done your best, which is very good indeed, and we are most grateful to you. Thank you very much indeed.
Mr Tom Pravda, Head of HMG’s Daesh Taskforce and Head of Iraq Department, Foreign and Commonwealth Office (QQ20-29)

Transcript to be found under Mr Neil Crompton
1. **Summary:** The ongoing Saudi Arabian and Emirati-led military intervention in Yemen offers an interesting and useful lens through which to view the transformation of power in the Middle East. Traditionally, the Gulf Arab monarchies [Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the UAE] have relied on allies such as the US, the UK, and France both implicitly and explicitly for their security and defence. Throughout these decades, the monarchies invested heavily in their armed forces, but rarely (practically never) deployed them on any scale. A pointed cooling of relations with the US – by far the principle military power in the Gulf region – in the last decade has fostered the notion among some of the monarchies that they must increasingly ‘go it alone’. The conflict in Yemen was thus an opportunity for the monarchies to attempt to act independently and to take on the mantle of securing security in the Gulf from external actors like the US. As such, examining how the armed forces of the Gulf Arab monarchies performed in Yemen allows conclusions to be drawn as to whether these states have been able to transform themselves and their armed forces into states with new abilities to project power regionally. Conclusions thus far are mixed. The UAE military surprised all concerned displaying impressive military craft (for example, with a difficult amphibious landing) that allowed them to quickly achieve a difficult strategic success (the liberation of Aden). But Saudi Arabia still cannot control its own border with the antagonists (the Houthis) despite egregious asymmetries of funding and technology to their advantage. Moreover, the coalition overall has still been highly dependent on western allies for thousands of air-to-air refuelling sorties and intelligence coordination. Ultimately, the fact that the monarchies sought to intervene in Yemen indicates a profound break from the past: they are trying to take more power into their own hands. But, despite some notable, interesting successes, key members of the coalition like Saudi Arabia have realised just how far they still have to go to be able to transform their financial wealth into fighting power and then into results on the ground.

2. For most of the twentieth century, the US, the UK, and France have played pivotal roles in the Gulf Arab monarchies. Whether explicitly with defence treaties or implicitly with the creation of military bases, this troika offered often significant degrees of protection. While they played this quasi-suzerain role they supplied the Gulf armed forces with hundreds of billions of pounds’ worth of kit and training. But, with reasonable understandings that their security against threats like Iran or Iraq would be dealt with by their allies, focusing on military training and effectiveness has seldom been of a high priority for the Gulf monarchies. Some even suggest that military procurement is, in reality, little do to with military necessity itself, but (a) far more about internal politics, such as establishing praetorian guards; (b) implicitly about ‘buying protection’ from western allies; or (c) a simplistic desire to own the latest kit (described as the ‘glitter factor’). Consequently, despite the investment, the armed forces of the monarchies...
never established themselves as credible forces. Nor did the leaders, from the 1960s to the 2010s, evidence a desire to actually use their forces to any great degree.

3. However, the foundations of the US-Gulf relationship – the most important relationship for the Gulf given the US’s military preponderance in the region – has been increasingly shaken in recent years by four factors. Firstly, the Gulf monarchies warned that the 2003 intervention in Iraq and the toppling of Saddam Hussein would lead to a power vacuum where the Iranian state would ultimately benefit. But the US and its allies did it anyway. Secondly, during the Arab Spring, the monarchies strongly felt that the US abandoned former Egyptian President Hosni Mubarak after decades of close support. They also perceived US support to be less than fulsome of the Bahraini monarchy, which contrasted strongly against the perception of the UK offering broadly assiduous support in Bahrain. Thirdly, the ‘pivot to Asia’ is perceived by leaders in the monarchies as a prelude to abandoning the Gulf in favour of allies to the east. And, most importantly, fourthly, the Joint Comprehensive Plan of Action (JCOPA: aka the Iranian nuclear deal) resembles a fatalistic conspiracy theory that has permeated the Gulf for decades: that the US would, eventually, ignore their Arab Gulf allies and their interests in order to make a deal with Iran. These issues combined to make the monarchies increasingly concerned with self-reliance.

4. Aside from these contextual factors, there were also more immediate causes that precipitated the intervention in Yemen. The monarchies take an overly simplistic view towards the Houthis, the powerful indigenous insurgent group in the north of Yemen. Houthis are Zaydi Muslims, a sect of Islam some consider to be closer to Shia than to Sunni Islam, and consequently some believe that the Houthis have a natural alliance with Iran. Though there is certainly some substance to such a belief, overall, the premise is typically overblown in the Gulf. Thus, as the Houthis consolidated power in Yemen throughout 2014 and moved south to take the capital, the monarchies feared that this was merely a prelude to Iran securing some kind of foothold on the Arabian Peninsula. Specifically, in a decade that has seen the ratcheting up of sectarian tension in the Middle East, the monarchies acted to prevent the consolidation of something that could become a Hezbollah-type group on the Arabian Peninsula. The monarchies were thus highly motivated to act and increasingly convinced that the US was not going to. A young leader in Saudi Arabia, the then-thirty-year-old Minister of Defence Mohammed bin Salman al-Saud, and the UAE’s de facto leader Mohammed bin Zayed, thus decided to break with decades of tradition and launch a military campaign predominantly by themselves.

5. The war in Yemen relatively quickly devolved into distinctly separate campaigns: the war in the north involving the Saudis, the war in the south involving the UAE, and the overall air campaign.

6. The Saudi-Yemeni border comprises treacherously difficult topography where the local insurgent forces, who have lived and fought there for decades with low-tech means, draw some advantage. Until 2009, this was
one of the key reasons as to why Saudi Arabia sough to come to some kind of financial or political accommodation with the Houthis. This worked until a border conflict erupted in 2009. The Saudi forces were effectively humiliated. Unable to push the Houthis back, unable to secure their own border or prevent incursions, and with numbers of their troops captured, despite the gross disparities between the protagonists in financial backing, the Saudis eventually sued for an unhappy peace. Subsequently, there were significant changes at the top of the Saudi military and a military-focused spending burst, at least in part prompted by this incident. Nevertheless, in the 2015-2016 conflict, the Saudis again face the same problems and have still found no way to deal with them. They have, again, lost kilometres of their own territory, struggle to stop raids into Saudi territory by Houthis from across the border, and are singularly unable to prevent the Houthis (or forces working alongside the Houthis) from launching missiles deep into Saudi territory.

7. The UAE in the south did not face such entrenched opposition. Whereas the Saudi border area is the homeland of the Houthis, they are viewed with deep suspicion and even hostility in much of the south. The Houthis taking hold of Aden was seen by many as akin to a foreign invasion, thus UAE operations to free the city from Houthi control enjoyed local support. Ultimately, the successful freeing of the city from Houthi control was allowed by an audacious UAE amphibious landing nearby Aden. Initially, the UAE authorities asked for US support for this operation: they requested both operational planning assistance as well as use of a US amphibious ship as they did not possess any ships of suitable size. However, though US-UAE relations are close, the US refused to help on this occasion, believing that the UAE were not a skilled enough military to undertake such a mission. Instead, the UAE purchased a ship from an Australian company and quickly put together and undertook the mission. Ultimately, it was a successful mission, allowing the UAE to quickly deploy significant amounts of military kit facilitating its forces and its proxy forces to take the southern capital.

8. This operational vignette evidencing a level of skill that genuinely shocked military observers and regional experts is not entirely isolated. The UAE deployed what was to become its elite Presidential Guard land forces to Afghanistan to join in ISAF missions. Moreover, at a time when European nations in particular were winding down their commitment, the UAE increased its own becoming the only non-NATO allies in the conflict to fly close air support missions for NATO troops. Indeed, the UAE air force remains the only one in the Gulf to provide such critical missions for the US. It should also be noted that the UAE joined in NATO forces enforcing the no-fly-zone over Libya in 2011 as well as anti-Da'esh operations in Iraq in 2015. It also bombed targets in Libya unilaterally on behalf of its proxy forces in 2014 and 2015.

9. It should also be pointed out that key allies like the US and the UK have played a crucial facilitating role in the conflict in Yemen. The US has flown over five thousand air-to-air refuelling sorties for the coalition. This is because no Gulf nation (and no other nation on earth) has this kind of capacity. The role of UK and US personnel in the targeting process or
otherwise in the intelligence gathering and processing centres is not clear. But interviews have indicated that this input has been substantial, again making up for a lack of experience and a lack of numbers of the Gulf States themselves. And the US and UK in particular remain critical suppliers of munitions and spare parts for the array of military kit that the Gulf States use.

10. Conclusions thus far from the Yemen conflict are mixed. It appears that Saudi Arabia remains still relatively incapable to launch offensive missions of this variety. In contrast, the UAE has demonstrated that elements of its armed forces are far more competent than it might have been expected. However, the UAE is a small state of only 1.4 million nationals with niche capabilities. Moreover, in combination, these states as well as their larger coalition were not able to achieve their overarching strategic objectives. The Houthis have certainly been weakened but are still a potent armed force.

11. In an era of cooling relations with their key ally, the US, the intervention in Yemen was in many ways an attempt by leading Gulf states to demonstrate that they could deal with a serious regional security problem by themselves. Or, at the very least, they wanted to demonstrate a new level of activist resolve against a rising and increasingly unencumbered Iran after the nuclear deal. The message has been sent. The Gulf monarchies are indeed Middle Eastern states transforming before our eyes, undertaking paradigm-shifting interventions in their region. And there have been some notable successes in this regard, notably associated with the UAE. But old concerns as to the ultimate capability of Gulf military forces have been reinforced. Compared to the egregious levels of spending in recent decades on Gulf militaries, their fighting power remains highly limited. And their long-running dependence on key western allies remains strategically critical to their interests.

12. **Is the region looking more eastwards?** In terms of commerce, the answer is yes. But the US, the UK, and France remain critical suppliers to the wider military complexes for kit and training. Some kind of ‘replacement’ of US guarantees with ones from, say, China would be impossible for the foreseeable future. Too much is invested in training and kit for this to happen, not to mention the near-complete impossibility of China replicating the kind of US military presence in the region.

13. **UK interest in the region?** The UK MOD in particular may see an uptick in Gulf monarchies eager for training and equipping programmes in coming months and years. The monarchies are, it seems, genuinely motivated to obtain real capabilities and the UAE has demonstrated that this is an achievable aim. Indeed, seeing the UAE’s forces perform so relatively well may stimulate other monarchies to augment their forces all the more. And given the critical UK role in the recent development of UAE military capabilities, the UK might be called on all the more for assistance.

Submitted 14 November 2016
Introduction

1. This submission addresses issues of climate change, natural resource availability, and their economic and political implications for the Middle East region over the medium- to long-term. It thus addresses the Inquiry’s primary concern with the ‘major forces transforming the region, its politics and positioning in the changing international landscape’, but it does so with a rather different emphasis from that suggested by the Inquiry’s 12 questions. This submission draws upon 20 years of research on Middle Eastern and international environment and resource issues, and their links to issues of peace, conflict and security.

Climate change

2. As worldwide, anthropogenic global climate change will have significant medium- and long-term environmental impacts, and in turn economic, demographic and political impacts, on the Middle East region. Average temperature increases will increase evapo-transpiration and hence further reduce water availability. The incidence of extreme weather events, especially droughts and floods, will increase. Overall precipitation levels and patterns will shift, though climate models disagree on how much, and even in what direction, they will do so. Sea levels will rise, though again there is a great deal of uncertainty on how much they will do so (recent projections for 2100 range from 0.2 to 2.0 metres).

3. The evidence on the extent to which human-induced global climate change is already affecting the Middle East is contested. It is often claimed that precipitation is declining and that droughts are becoming more frequent across the region. However, these claims mostly refer to trends over relatively short time scales, and involve assumptions about linearity, which are not supported by the best science. My view is that it is still too early to identify a long-term precipitation decline, or an increased incidence of drought, that is attributable to anthropogenic global climate change. For example, although the civil war in Syria has often been linked to a severe pre-civil war drought, and though this drought was indeed of exceptional severity, there has been no linear precipitation decline in Syria, and it is therefore too early to say that this drought was made more likely by greenhouse emissions.

4. Climate change is currently too often misdiagnosed as the cause of the region’s various water problems. Illustratively, the Assad government in Syria identified climate change and drought as the central cause of the country’s pre-civil war economic crisis, when other factors were much more important (including some discussed below). International organisations and Western non-governmental organisations are also often overly focused on climate
change impacts and adaptation. This risks obscuring other more immediate causes of water and rural livelihood insecurity, especially unsustainable economic development strategies, and politically induced supply crises.

Water

5. Competition over surface water resources in the Middle East is often identified, especially within policy and media reports, as a potential driver of inter-state conflict. The Nile, Tigris-Euphrates and Jordan basins, in particular, are often identified as sites of future strife. However, there is a high degree of expert consensus that competition over surface waters has not been, and is unlikely to become, a source of war. Most major rivers are managed according to inter-state allocation agreements, and while these are typically incomplete (not including all riparians) and partial (favouring some riparians over others), they nonetheless mostly function reasonably well. Moreover, levels of surface water scarcity are generally not as severe as is often assumed. For example, Egypt still receives more than its full share of the Nile as allocated under its 1959 water agreement with Sudan.

6. The far more pressing water challenges are internal to the region’s states. Across the region, urbanisation has massively increased urban water demand, necessitating increasing supply to urban as against rural areas. Rural areas, in turn, have often experienced reduced water availability and, even if not, have been adapting to growing aggregate water and water-for-food demand by using more of their water for high value agriculture, and by importing an increasing proportion of their food staples (‘virtual water’). The contemporary geography of water in the Middle East is as a result characterised by (i) high and growing dependence on international food staple markets, and a consequent high level of vulnerability to global price fluctuations, as was evident following the 2007-8 global financial crisis; (ii) growing internal competition for water within rural areas, including extreme local inequalities in water supply (especially between agri-businesses and small farmers) and widespread corruption; and (iii) inadequate urban supply infrastructures, especially within informal settlements, and extensive black markets for urban and peri-urban water supply. These water problems create insecurities at multiple scales, with obvious knock-on effects for social and political stability; they are also likely to worsen.

7. Groundwater resources are an additional and oft-overlooked challenge. In total volumetric terms, many of the region’s states are more dependent on groundwater than surface water resources. Yet groundwater abstraction is generally weakly regulated, and is simultaneously often effectively promoted by state subsidies on diesel (the diesel being used to fuel pump wells). As a result, groundwater resources across much of the region are in rapid decline. For example, the dwindling of Lake Urmia in north-western Iran over the last decade has been the direct result of agricultural expansion and unregulated groundwater abstraction. The large-scale pre-civil war migration from north-east Syria, which has often been attributed to climate change-induced drought, was to the contrary above all caused by groundwater over-abstraction (within both Syria and Turkey), combined with an overnight Syrian government increase in diesel prices which made pumping costs prohibitive. The problem of groundwater over-abstraction is likely to have
huge effects on agricultural production and rural livelihoods in many Middle Eastern states, and is a far more severe medium-term challenge than global climate change. In some cases, groundwater is also crucial to urban water supplies: the Disi Aquifer on the Saudi-Jordanian border, for instance, is now central to Jordan’s whole water economy, but may be practically dry within 15 years.

**Fossil fuels**

8. The Middle East’s economy and politics are founded on oil production (and to a lesser extent gas). Even within more minor producer states, oil sales provide the bulk of government revenues, and in turn have made it possible for regimes to maintain low levels of taxation, high levels of state subsidy and patronage, and prevailing patterns of militarism and authoritarianism. Non-oil producer states are affected by the regional oil economy too, especially from migration and remittance flows, as well as transfer payments. Oil is also a crucial variable in the water issues discussed above. Within pre-civil war Syria, for example, oil revenues were what enabled heavy state investment in agricultural infrastructure (the Euphrates project consumed a quarter of the national budget over a 20 year period), while, as noted above, it was subsidised diesel which enabled agricultural development through groundwater over-abstraction. The Middle East’s status as an oil hub obviously also has a wide range of international and regional economic, political and security implications, but these are not discussed further here.

9. Instead, the question which I would urge the committee to consider is: how will the Middle East region cope, and how can it be supported to cope, in an era of decarbonisation. Decarbonisation is essential if the planet is to avoid dangerous climate change, and this will require Middle Eastern oil and gas producers, with support from consumer states, to ‘keep it in the ground’ and transition away from economic and political dependence on oil and gas rents. This will be an extraordinary challenge worldwide, but especially for the Middle East. Decarbonisation will have ramifications for every aspect of Middle Eastern societies, including for their political stability, as well as their international relations. The pre-civil war agrarian crisis in Syria illustrates this in microcosm: Syria’s agricultural over-development had been founded on oil exports, but in 2007 it became a net oil importer, oil income dwindled as a result, subsidies were slashed and the agricultural sector in turn collapsed, precipitating mass migration from the country’s north-east. Worldwide decarbonisation will have similar effects but on a much larger scale across the Middle East region unless early action is taken in support of its transition. Yet this issue has not yet been the subject of any concerted expert or policy analysis.

**Implications for UK policy**

10. The implications of the above are not limited to the UK, but are for policymakers worldwide, including in the Middle East region. Its central implications are:

(a) Policymakers should beware the temptation to misattribute economic and political crises to climate change, since this may obscure and thus
Dr Jan Selby, Professor of International Relations and Director of the Sussex Centre for Conflict and Security Research, University of Sussex (submitted in personal capacity) – Written Evidence (MID0005)

exacerbate their more significant economic, political and environmental causes;

(b) Policymakers concerned with water security issues should re-focus away from a primary concern with trans-boundary surface water resources, and devote much more of their resources to (i) internal and local water security problems, and (ii) groundwater over-abstraction; and

(c) Policymakers should urgently start considering the implications of decarbonisation for Middle Eastern states and societies, and in particular how the Middle East might be supported to transition its economic and political systems beyond oil and gas dependence.

Submitted 18 November 2016
Mr Michael Stephens, Research Fellow for the Middle East, RUSI. (QQ30-35)

Transcript to be found under Dr Christopher Davidson
Wednesday 8 March 2017
10.30 am

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

Evidence Session No. 18 Heard in Public Questions 196 - 207

Witnesses

I: Mr Rory Stewart OBE MP, Minister of State, Department for International Development; Mr Matthew Wyatt, Deputy Director for Middle East and North Africa Department, Department for International Development.

Examination of witnesses

Rory Stewart MP and Matthew Wyatt.

Q196 The Chairman: Minister and Mr Wyatt, good morning and welcome. As a matter of administration, I make the usual point that this is a public hearing. A transcript is being made, which you may make changes to as you wish when the time comes. We are fortunate to have an hour of your time. We will try to keep exactly to that. We are extremely pleased to have the opportunity to ask you some questions this morning.

Let me start with what sounds like a general question. We are looking at a big area in our current inquiry, which is on the transformation of power in the whole Middle East region and its implications for UK policy in particular. It is a region of enormous wealth and poverty, as well as unemployment, violence and religious strife on a massive scale, with every prospect of things getting worse and not better. You come from a large department with a large budget, which other departments look at with envy, and you are in a position to carry forward both broader policy and UK policy in any ways that you choose and to add value to the region. If I asked you for a list of ways in which you can add value to this stormy region, what would you put at the top of that list?

Rory Stewart MP: Lord Chairman, if I may I will frame the question a little. There is always a tension between our ambitions in relation to the region and these countries and what we can actually do. A lot of this conversation comes down to the fact that we do not have a moral obligation to do what we cannot do. That gap is key.

Broadly speaking, as you can imagine, our objective in almost every one of these countries of the region would, in an ideal world, be to create a more prosperous, stable, peaceful and democratic society. The problem is that our power, our knowledge and our legitimacy are limited. You said that we have quite a large a budget. It is true; we do. We are very lucky to have a significant budget that comes from the British taxpayer. But you should compare the amount of money that we have in an individual country to the GDP of that country. Some of these countries have economies of $250 billion or $300 billion a year. We will typically go into that country with a maximum fund of £70 million or £80 million, or maybe £100 million. That means that in many cases our money will amount to 0.1% or 0.2% of the GDP of that country at most, often significantly less. That is true not just for us; it is also true for the US. The US programme in Jordan is its second largest programme.
worldwide. Since 1950, the US has been putting in enormous sums of money. At the moment, its overt programme alone is over £1 billion a year. Even that only amounts to about 3% of Jordan’s GDP—and that is the United States’ second largest international programme anywhere in the world, with a key partner that is quite a small country.

That means that we have to look at very niche activities. We have to accept that there are many things that we would like to do that we cannot do. We have to accept that a lot of the experience of the last 20 years is about the international community imagining that it had the power to do things that it did not really have the power to do. So what sorts of things can we do? The first is key: in the situation in which a country itself genuinely wishes to reform or to go in a particular direction and is sincerely coming to us for support and advice, we can make much more progress than in a situation in which it is reluctant to do so.

Let me take Jordan as an example. The king and queen of Jordan are focused on education, which has become one of their big priorities over the last two or three years. That is an opportunity for us to put quite a significant DFID programme behind education reform in Jordan. That has a huge amount of potential impact on unemployed youth and many of the drivers for radicalisation and instability in Jordan. It also helps the macroeconomic position. Jordan has a lot of people, but they lack skills and productive capital to get the economy going.

Conversely, there will be other things that these countries will not be interested in doing that are vital but on which we may not be able to make any progress. For example, it would be quite easy to look at almost all these countries and say that the fundamental problem is corruption or the absence of the rule of law or governance. But you cannot simply solve those things by turning up with a best-practice model, doing capacity building and demanding political will unless the politics, right down to the sub-regional, sub-national level, really wants to reinforce those kinds of programmes. What you will see in our programmes across the Middle East are pretty simple programmes that tend to focus on three or four things and exclude many other things that we could be doing.

Just to conclude, because this is quite a long answer to your question, if we take Jordan as an example, we will do education, but we will not do a lot in healthcare. We will do refugees but we will work with UNICEF and the WFP on particular things for them, such as cash transfer payments, protection and water and sanitation. We are not doing stuff on judicial reform or the rule of law. Finally, on the macroeconomic picture, we are putting a lot of energy in Jordan into making the most of the EU trade deal that it secured, making sure that it has proper access and that the companies have the skills and the knowledge to access opportunities in the European Union. But that will be about it. In other words, these programmes are necessarily quite narrow and cover only a small percentage of the full waterfront of the things that these countries need to do in order to transform.

The Chairman: How do you weave all that together with the UK’s foreign policy interests and the aims, in so far as they can be discerned, of the Foreign and Commonwealth Office?

Rory Stewart MP: I will give you an example of this in practice from Jordan. Edward Oakden, who is our ambassador there, met me off the plane when I arrived and spent the entire three and half days of my visit with me every minute of the day. He came with me to the refugee camps, to the royal court and to ministries, so that every conversation that we had—about the refugee crisis, education or macroeconomic reform—happened with the ambassador in the room. The ambassador’s political analysis and framing and his connections with the king provide a huge amount of the context of that country’s priorities.

Our contribution to that is generally more formally through, for example, the visit of our chief economist, Stefan Dercon, and a formal macroeconomic analysis of where we think the IMF programme is and where we think the gaps in productivity in Jordan are. Those two things are then put together. I am trying to illustrate through a concrete example that, at least in the case of Jordan, I am confident that, were you to put the ambassador here, he would feel that this is a process that he is driving. A lot of our work in education in Jordan is driven by the fact that the king has told the ambassador and the ambassador has concluded on the basis of his own political work that education is a huge priority for Jordan.
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Q197 Lord Hannay of Chiswick: I will follow up on that, because I found very compelling what you said about the modesty of the scale on which we can intervene in these countries economically.

Could you comment a little on whether you share the view that outsiders in the Middle East—us, the French, the Americans, the Russians, the Chinese and so on—probably have less purchase, less leverage, than has been the case in the Middle East for a very long time? The tendency there was to think that everything was settled by the outsiders and that they were just the pawns. Are we moving into a period where that is less so than it was, and, if so, what are the implications for the UK? As you said, the size of our contribution is not huge, so if it is to work it will have to be knitted together with the contributions of other like-minded people, which might be complicated a bit by the arrival of President Trump.

Rory Stewart MP: My gut instinct is that you are right: the influence that we have now in the Middle East is not comparable to the kind of influence that we had in the 1970s, for example, partly because the economies of many of these countries have grown so fast and so dramatically that they are far less reliant on us for economic support, military support, or indeed any other kind of assistance. The rulers of these countries, having enormous resources at their disposal, are themselves now international donors.

Now that the major Gulf countries are major international donors, they have far more developed relationships; the recent trip of the King of Saudi Arabia to south-east Asia is an example of stuff that would be difficult to imagine in the 1970s. They also clearly now have fully independent foreign policies in a way that they did not in the 1960s, and it would have been difficult to imagine some of the recent interventions in the Middle East happening 20 or 30 years ago.

So, yes, we have to work with other people. What is striking, though, is that we certainly have influence, provided that we are realistic and modest about the way we characterise it. The Jordan compact, for example, is quite a powerful case study of the way in which Britain, working with other people, can in fact do something very helpful.

If I play the counterfactual back to you, Lord Hannay, it is true that British and international aid is not in a position singlehandedly to transform these countries, but had we done nothing, had there been no attempt to provide support for Jordan, Lebanon or Turkey in the wake of the Syria crisis, had the international community in effect turned round and said, “Okay, Turkey has 3.5 million people. Jordan has over 1 million, Lebanon has 1 million refugees. We don’t think we have any influence. This is none of our business and we’re not going to get involved”, the situation would very rapidly have got out of control, and not only because of the dollars or the resources that reach the individual refugee. It is also a question of political will. It is a question of keeping these Governments on side. The Turkish, Jordanian or Lebanese Governments’ willingness to tolerate these communities is heavily influenced by whether the international community is at least symbolically prepared to provide financial support, to create the compacts, to create the opportunities for those countries.

The Jordan compact is probably an example of the kind of things that we would hope to do over the next five to 10 years. It was quite elegant, it built on a very long relationship with Jordan, and it used the fact that our relationship with Jordan is quite different from the relationship that the World Bank might have with Jordan. So, to return to the Chairman’s question, DfID is not operating there simply as a global NGO. Our ability to make that compact work depends on our military relationships; our defence attachés; our relationship with the king; our diplomatic relationships; the way in which we were able to organise the London conference and use our diplomatic relationships to get other people to invest in it; using our brain power to try to frame what a growth package for Jordan would look like; and our influence on the European Union to try to frame what a tariff package looks like. That has meant that Jordan, although still fragile, is certainly in a considerably better position than it would have been had we not acted.

Q198 Baroness Smith of Newnham: At the beginning of your very interesting formal presentation you mentioned working with Jordan on the bilateral relationship with the European Union and bringing our expertise to that. You have just talked again about our
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influence in the EU on tariff barriers. To what extent will our influence be weakened once we leave the European Union?

**Rory Stewart MP:** That is a very interesting question. I have not experienced much concern in the Middle East or heard people talking about it much. For what it is worth, the Jordanian ambassador in Britain is very bullish and frequently says publicly that he does not think that Britain leaving the European Union will have any impact on Britain’s influence or relationship with Jordan.

**Baroness Smith of Newnham:** But if we are influencing the EU on tariff barriers and so on, how do we do that outside the EU?

**Rory Stewart MP:** On the specific question of whether we can have more influence on EU policy outside the EU, I think you have a point. The Jordan compact was quite a technical package. It was about making sure that, when Jordanian manufacturers sell things into the European markets, the local content component can be dropped, enabling them to buy more goods in the garment industry in Bangladesh, for example, reprocess them in Jordan and move them on. So you are quite right that some of those opportunities are connected to our membership of the European Union.

**The Chairman:** We will come to the Brexit implications in more detail in a moment. Lord Inglewood has a more general question first.

**Q199 Lord Inglewood:** You told us about the compact with Jordan, which is an arrangement that seems to be working reasonably well. You also said earlier that we can help only countries that wish to help themselves and that there are some sectors in some countries with governance or corruption issues that we would not want to get into because we do not think there is a great appetite for change there. What, in more general policy terms, is our attitude towards countries that are unwilling to run with the grain of what we are trying to do? Do we simply wash our hands of them, or do we try to work on them to persuade them that they are wrong? What do we do?

**Rory Stewart MP:** This is a central question, because this is true of many countries in which we work. The British Government’s basic approach at the moment is that we remain closely engaged and continue to look for opportunities. Without naming names, there is a country that we have been working with closely where we have had real problems trying to address corruption at the national level but where we feel that by working in the health sector and with a Health Minister who wants to achieve certain things, such as dropping maternal mortality rates, increasing the attendance of doctors in rural hospitals and addressing certain neglected diseases, we can do quite a lot of anti-corruption work to facilitate his objectives in health. That is an example of us having to acknowledge that sometimes we cannot change the whole system, but that in difficult countries we might be able to get benefits for the kind of thing we want by defining it in terms of a sector as opposed to calling it anti-corruption work. If we call it health work, we achieve some benefits in anti-corruption.

**Q200 Lord Grocott:** There is one respect in which there might be considerable impact from the departure from the EU: the way, good or bad, in which DfID distributes its funds. As a matter of fact, can you remind us—I should know this—what proportion of the 0.7% goes via the EU and what goes directly to NGOs? If you cannot answer that now, I am sure you could later. I cannot carry lots of figures in my head.

**Matthew Wyatt:** As a rough idea, I think the contribution to the EU is between 5% and 10%.

**Rory Stewart MP:** None of us quite has the number at our fingertips, so we will have to write to you more formally on that. My gut instinct is that it will be in the region of €1 billion.

**Lord Grocott:** I do not know whether you want to comment on what, in the development money to the poorest countries in the world, which of course is our strategy, determines whether we give that money directly to an NGO or whether we do it via the EU. I am not quite sure how that balance is determined.

Perhaps I might link the final point to that: in the event of us leaving the EU, presumably there would still be circumstances in which it was more effective, efficient and convenient to distribute funds
through the mechanism of the EU. I cannot really imagine, whatever may happen, that it would say, “No, we don’t want this money”. So presumably decisions would have to be made whether we did it bilaterally or reached some arrangement.

**Rory Stewart MP:** Broadly speaking, there are three ways in which we give money to the EU. The first is through our normal core budget contributions, which contribute towards its external action development budget. The second is through specific facilities. An example is the Turkey facility, a €3 billion facility that has been put in place in connection with the migration crisis. That is an example of the European Union negotiating with another state—in this case Turkey—a package into which we put money. The third way in which historically we have worked with the EU is in using it as an implementing partner or a delivery mechanism. We do that more rarely, but there have been situations in which we would partner with ECHO—EU humanitarian services—in the same way we would give money to UNICEF, UNHCR or indeed Oxfam or Save the Children, on the basis that they have a good programme that we believe in enough to put money into. In future, I imagine that those first two categories of contribution—I am not in a position to work out the details of all this, but it depends on the nature of Brexit—are likely to be affected by us leaving the EU. There is a hypothetical possibility that a Government could continue to wish to partner with the EU. For example, in Bangladesh at the moment we are putting money into a joint fund managed by USAID, the US Agency for International Development, to do work on governance, and we have historically run joint funds with countries such as Canada. So I can see that being perfectly possible for us.

**Lord Purvis of Tweed:** Going back to the general picture, I have been looking at the development tracker and, if I have got my figures right, Turkey, Syria, Iraq, Lebanon, Jordan, Libya, Yemen and the Occupied Territories—Palestine—account for over £880 million. That is a considerable investment from the UK. How do you review the totality of the benefit of that? I am looking at the operational plan. While there seems to be reporting by country and by programme, how do you consider the benefit of the totality of that nearly £1 billion of UK support to the region?

**Rory Stewart MP:** Let me try to tease that out a bit, because I am not entirely sure where you are coming from. I shall explain what processes we have in place. The core of the money that you are talking about was an allocation of £2.3 billion, made through the Syria conference. It was a strategic decision by the British Government that we needed to invest heavily in supporting the governance of Lebanon, Jordan and Turkey, and in assisting Syrian refugees, because if we did not there would be terrible human suffering and other associated problems such as terrorism and migration. That is the big strategic decision: “Here is the money”.

That strategic decision of course involves weighing up the opportunity costs of spending £2.3 billion around Syria as opposed to spending it in South Sudan, Somalia, Burma, Afghanistan, Pakistan or anywhere else. That is a strategic judgment call that in this case is made closely in relation with the Foreign Office. The Foreign Office needs to work with us to make that call, which it decides. I do not think there is a science to it. It is very difficult to imagine a technocratic economic model that would tell you exactly how much you should put into the Syria crisis instead of Pakistan, because part of that money is also driven by our desire to bring in others; the amount of money that we put on the table increases the amount that others are prepared to.

The next stage of analysis is the financial control mechanisms and the value for money through the individual projects. Let us take a component of that money, the money that we give to UNICEF for learning centres in Jordan—this is going from the £2.3 billion level down to the £15 million-a-year level. There, all the normal DfID mechanisms click into place: employing monitoring and evaluation teams, running rigorous contract and tendering processes, staff visiting the learning centres; and, at the same time, us assessing the organisation that we are partnering with, UNICEF, through our aid relief. We have multilateral and bilateral agencies that assess the performance of the organisation as a whole. That is a combination of classic accountability controls alongside the judgment of our staff on the ground, who may well say to us, in ways that might be quite difficult to capture in numbers: “We think UNICEF is the correct partner in Lebanon as opposed to Save the Children on this particular education project, because we think it has a particular depth and strength”. But I may not be talking about what you are getting at.
Lord Purvis of Tweed: Of course, some of the humanitarian response is demand-led, I completely understand that, but with regard to those that are driven by the operational plan, what wider strategy is shaping that forward investment? You could publish how far you were meeting that strategy.

Rory Stewart MP: The wider strategy driving this is the decision in the national security strategy to spend 50% of our money on fragile and conflict-affected states. The big strategic shift is away from a world in which DfID targeted people almost entirely on income—we focused almost entirely on GDP per capita in driving our investments—towards a world in which we are getting involved, in these cases, in middle-income countries. We are dealing with people who before the conflict may have been on $3,000 or $4,000 a year, as opposed to our traditional clients or partners who have been living on $200 or $300 a year. That is the big thing.

How do we measure our impact on fragile and conflict-affected states over a five to 10-year period? That goes back to the question that we began with. It will be very difficult. Our contribution to the whole thing is one small component of a massive system. The £2.3 billion that is being spent on the Syria crisis is an attempt to solve one end of something that includes 35 armed groups, Turkey, Iran, Saudi Arabia, Russia, the US, Bashar al-Assad’s regime and the internal politics of Jordan and Lebanon. It is much easier for us to measure the micro impact. It is much easier for us to know how many children we have put through school or how many inoculations we have done than it is for us to make claims about how these kinds of programmes are going to affect the stability of the Middle East over a 10 to 15-year period.

The Chairman: Lord Hannay, quite briefly please, because we need to move on.

Lord Hannay of Chiswick: I just wanted to come back very briefly to the EU problem. Presumably there are some countries, perhaps not many in the Middle East area but some in the Balkans and eastern Europe, where DfID does not have a bilateral programme at all because we are putting in quite a lot of money through the EU, and that is our whack. What are we going to do about those countries? In the Middle East and north Africa area, one can think of, say, Morocco or Algeria where the EU has traditionally put in a lot of money and traditionally we have not been very involved, but they are important markets and so on. Could you give us an idea of how you are going to handle that sort of issue where there is currently no bilateral DfID programme at all?

Rory Stewart MP: The formal answer to that question is that the process of the National Security Council official meeting and then the National Security Council itself would determine our strategy towards North Africa. That strategy would then drive the spending not just of DfID but of other government funds such as the prosperity fund, the empowerment fund and the Conflict, Stability and Security Fund. These are funds that are owned by the Foreign Office, the Department for International Trade and DfID. The formal answer is that we would move from a world in which we had a common EU position towards one in which Britain would determine bilaterally what its interests were in a country such as Algeria and work out how much money we would wish to put in for humanitarian or trade purposes and how much we would wish to invest in dealing with security, stability and diplomatic objectives.

The Chairman: A rather different question now from Lord Reid.

Q201 Lord Reid of Cardowan: On the balance between security and stability on the one hand and the process of promoting democracy on the other, it has come across from witnesses we have spoken to—there is certainly a weight of evidence, put it that way—that this is not an opportune time to prioritise an ambitious agenda of developing democracy. Rather, the preference of people we have spoken to—not all of them, but surprisingly this includes young people—is for security and stability in the first instance. How do you reflect on that dilemma? How should the UK balance the pressing need for more security—and through that, of course, allowing economic development to prosper—with the more politically challenging task of allowing and promoting democracy, even though in the perception of some people it may create more security?
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**Rory Stewart MP**: You are right that this is a very difficult issue. In philosophical and moral terms, we believe very strongly in democracy and human rights. We believe in these things not just as instrumental tools for the development of stability; we believe in them intrinsically. They reflect fundamental views of human dignity and equality. Why do we believe that everyone should have a right to vote? Because we believe that people are equal, and that is a fundamental element of what it means to be human. Why do we believe people should not be tortured? That comes from our belief in human dignity. These are universal values, so from a philosophical point of view we are not moving into a morally relativist universe where we say that all systems of government are equally fine and whether or not a country tortures is simply its cultural choice. We believe strongly that the institutions that we have been lucky enough to inherit in Europe and the US are things that are worth advocating for, defending and encouraging other people to come towards.

You are right, though: this is a very difficult moment, and it is difficult for two reasons. First, it was easier for us to feel, probably in the 1980s, that the only way of achieving free-market economic growth was through the creation of local democratic systems. The very rapid growth of countries such as China has challenged our assumptions about the relationship between democratic institutions and economic growth.

Secondly, the experience of interventions such as that in Iraq has significantly challenged our faith in our ability to create democratic institutions and stability in other people’s countries. To return to my opening point to the Chairman, it is about the gap between the “ought” and the “can”. I am very comfortable saying that in a completely unrealistic hypothetical universe in which you could turn someone else’s country into Sweden, that would be good thing to be. The problem is the “can”—we cannot do it. It is not that we ought not to do it but that we cannot.

However, it is also worth bearing in mind that we should not be too complacent in believing that authoritarian regimes are necessarily the best long-term guarantee of stability. It is quite clear that the forms of stability and security that Saddam Hussein or Gaddafi kept in place were inherently fragile and unsustainable. That is also true of Bashar al-Assad. They contain within them the seeds of their own destruction. In many of these situations, it does not really matter whether or not the West intervenes; when the “big man” goes, the whole thing collapses. So I fear that often they offer only an illusion of long-term stability. Frequently, what they are really giving is short-term to medium-term stability.

I still believe that the only true resilient and sustainable political systems that can carry people forward over the next 300 to 400 years are systems that are genuinely participatory, where government is not controlled by a narrow elite that excludes people and where citizens are able to contest government policy. It is all very well my laying that out as a point of political principle, but how on earth you get there from where we are is very difficult. Our attempts in the past to get there have often made the situation worse, not better.

**Q202 Lord Reid of Cardowan**: Thank you for that. Just for the record, that was not necessarily my opinion, although my own opinion is that I cannot think of any countries that have had a sustainable democracy that has not been based on a fairly high level of economic development—including the United Kingdom, where for quite a long time, until 1832 or later, we too were run by a group of very narrow elites. I fully accept that there is a relationship between democracy helping the economy to flourish and the economy being the basis of democracy.

Let me come to one country where we hope that democracy will be developed, the best—perhaps the only—example after the Arab spring where we can see things developing: Tunisia. We have had communications from the Ennahda Party. Where there is evidence of political progress there, what can the UK do to protect the path of moderate reform? Do you think there are any other countries apart from Tunisia where we could look with some expectancy to the development of similar trends?

**Rory Stewart MP**: First, on your observation, before I come across as presenting the department as being unrealistic about democratisation, our latest governance work, and the work by the World
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Bank on governance that we have supported strongly, leads with a quote from Gordon Brown: “In establishing the rule of law, the first five centuries are always the hardest”. So the department is very aware of the problems and timeframes involved in this kind of stuff. You are right that Tunisia is a country that—

Lord Reid of Cardowan: I congratulate you, incidentally, on picking a quote from Gordon Brown, with which I agree.

Rory Stewart MP: I thought you would like that, Lord Reid. That was me briefly becoming a politician. Tunisia is, I think, a really encouraging example. Unfortunately it is unrepresentative. One of the reasons why the Arab spring seemed so exciting was because of Tunisia. It took us a long time to really take on board what the differences were between Tunisia and all the other countries.

What do we do to help a country such as Tunisia? First, we need to understand that Britain, for the reasons that Lord Hannay pointed out, is not the major player in Tunisia, which is traditionally part of la Francophonie. But we do have a strong ambassador and we have programmes in Tunisia through our security and stability fund. We work on governance and on civil society there. More broadly, the first thing you have to do for a country like that is to make sure that it has macroeconomic stability and can deliver basic services.

If there is one lesson from around the world, it is that you have to make absolutely sure that a country like that does not suddenly find itself dropped into debt, with an unsustainable austerity package, or put under the kinds of economic tension that can suddenly crack the whole thing apart. One reason why probably the most successful examples of transition and democratisation over the last 30 years have been in central and eastern Europe is partly because of the role that was played by accession funds and commission officials in helping countries through that transition and backing them through that process. So we cannot take our eyes off countries like Tunisia.

Thinking of other examples of places in the Middle East where there could be movement is tougher. I think there is some movement in Jordan. The Jordanian Government now understand that there needs to be very significant reform to the economy and to their education system. They get the big macroeconomic picture, which is that the additional million Syrian refugees could be a real bonus—a young, talented labour force—if they can get the capital and the skills in place. Beyond that, though, it is difficult for me to think of many other countries about which I would be as optimistic as I would be about Tunisia.

The Chairman: Without dragging you into a diplomatic quagmire, what is your attitude to Field Marshal Fattah al-Sisi and Egypt, where for a time British policy leaned towards Mr Morsi. They did not like him and chucked him out. Now it is a gigantic country in very severe economic circumstances—not a democracy, but hoping to be one. How do you calibrate your approach to a huge issue like that?

Rory Stewart MP: Egypt was a huge challenge for us and the Obama Administration. As you point out, initially the assessment by very senior US officials was that Egypt’s interests were best served by Mubarak remaining in place. Then Mubarak fell and we tried to work with the Morsi Government because they had won the election. People of course pointed out that they had won the election quite narrowly, but they did win it. But it gave rise to many of Lord Reid’s questions about democracy and stability. The problem for the United States or Britain dealing with the Morsi Government was that, yes, they had won an election, but they were quickly into a situation where they were trying to impose unconstitutional measures and Islamist social codes, undermining key elements of the Egyptian economy, getting caught up in corruption scandals, and ending up with millions of moderate Egyptians in the streets demonstrating against their Government.

This gives rise to the third question in all these things: almost regardless of what we think of these Governments, what can we do about them? It is one thing to assess whether we think Mubarak, Morsi or al-Sisi are in the long term a good thing for the Egyptian people, the region or Britain; it is another thing to judge whether these people will be able to remain in power at all. Part of President Obama’s calculation on Mubarak must have been at some point that, regardless of what he thought about him, he was not going to be able to survive and was going to go. Part of the reason why I think
that the US changed its position on Morsi is that it would have concluded that the uprising in Egypt was almost unstoppable and that Morsi was on his way out. There is no country in the Middle East that more exactly poses the kinds of dilemma that Lord Reid has pointed to than Egypt.

**Lord Purvis of Tweed:** Coming back to Tunisia, you mentioned that it is in the UK’s strategic interest for Tunisia to be a success—I think that is acknowledged universally—but the World Bank’s decision last week was to not release the second tranche of its loan because of the lack of economic and development reforms, which is worrying, and DfID does not have a programme in Tunisia. It struck me, when you said—almost glibly, although I do not mean that in any pejorative way—that Tunisia is not really in our sphere of interest, because traditionally it is Francophonie. It is slightly as if we are still making our decisions on whether we support countries based on a former empire model.

**Rory Stewart MP:** Let me try to push back on this a bit more strongly. Despite the size of our budget, which seems large, our resources are limited. By the time we have taken into account our contributions to the World Bank and multilateral agencies, we would have in the region of £5 billion to £6 billion to spend worldwide. Of that, probably £2 billion will be absorbed in humanitarian crises—dealing with famine in South Sudan, Somalia, north-east Nigeria and Yemen. We have limited numbers of UK staff in our global network, and those numbers are capped. In a traditional DfID mission we would have 10 to 15 UK-based staff. As a result, we have had to make quite a difficult decision. We were in 65 countries in 2008 and we reduced to the high 40s by 2012. We are now down to 30 countries for the reason I laid out to Lord Howell, which is that our only hope of having an influence with a limited budget in a complicated world is by concentrating it.

Yes, you are right: we have a strategic interest in Tunisia, but we have to make another calculation. Tunisia is a middle-income country and is in receipt of generous support from the EU and other European countries, and we have to ask ourselves, with our limited resources, whether the best way to spend British money, get the most bang for our buck and help our national interests the most is to invest in Jordan or Tunisia, Libya or Lebanon. It is not a complete either/or. We have a programme in Tunisia, we do stability and security work in Tunisia, and we work closely with other international donors in Tunisia. But, very sadly, it is one country out of—I hesitate to put a number on it—maybe 65 countries in the world that we are worried about, 47 of which are in active conflict today, which Tunisia is not.

**Baroness Coussins:** Turning to DfID’s range of programmes across the region with young people, I want to ask a series of related questions. This is obviously a hugely significant demographic. They are media-savvy and globally connected through social media, yet at the same time young people are not well represented in formal politics, unemployment is high and there is a huge feeling of frustration.

What are your insights, from the programmes that you are engaged in, of young people’s perceptions and views of the UK? Would you go along with one view, for example, that came across to us in the round table we held with young people across the region that they were pretty positive about a number of the soft-power influences that the UK had and were—some of them—quite reluctant to use the term “the West” because they thought it was important to distinguish between the UK and the US? They welcomed one but not the other. To what extent would you go along with that, and how do you see their views of the UK emerging as a result of your programmes? As you said, you have limited resources. What should be the focus of the UK’s efforts with young people in the region?

**Rory Stewart MP:** I think the young people you saw at your round table were reasonably representative. I would not challenge that that is view of many young people across the Middle East. You are right that this is one of the fundamental problems, if not the fundamental one, in the Middle East: that in many of these countries almost half the population is aged under 25 and the youth unemployment figure is between 40% and 60%. That is devastating for a society in every way: its economic potential, its political sustainability, its stability and the stability of the whole region. So a lot of our programmes are directed towards trying to address the problems of young people, particularly unemployed and underemployed ones, and helping them to be productive.
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A caveat: it is important to understand, and of course you will, that these things are never as easy as they seem. Think what is involved in trying to create employment for young people on the west coast of Cumbria. To take much more dramatic examples, think of the same struggle, even with the enormous amount of energy, skills, resources and money that have been pumped into trying to address these problems, in Spain and Greece. A country like Spain has incomparably higher levels of infrastructure, civil service structures and investment structures, yet it is struggling to crack the problem of youth unemployment. The capacity in the Middle East is lower, the resources going in there are lower and our expertise as an international community is lower than it would be in Spain or Greece.

What, broadly speaking, do we do in that situation? We tend to focus on three things. The first is education, which is why a lot of our programmes in places such as Lebanon and Jordan are education programmes that combine work with international organisations such as UNICEF and NGOs with very close work with the education departments of those Governments. Those programmes have to address an incredible range of things. Jordan needs many more school buildings, a lot of which will have to be provided by the US, but it also needs teachers simply to turn up on time and teach, before you even get on to such questions as curriculum development and parental support.

There is a tragedy here. The global picture of primary school enrolment is incredibly positive. In the last 15 years, totally against anyone’s expectation, we are getting figures across most of the developing world of 95% to 96% of children going into primary schools, and the number of girls is almost equal to the number of boys. That is extraordinary given that in Afghanistan, when I first visited in 2001, no girls went to school—none at all—and as for male literacy rates among young people, probably one in eight men could write or recognise their name. However, the Middle East is the only region in the world where enrolment is going down, with fewer people going into primary school than there were 10 years ago.

The second area where we tend to focus is trying to ensure that we have vocational training in place to give people the skills for the workplace. That involves both formal support for the vocational training sector and working with businesses and working alongside organisations such as the Prince’s Trust International, which is doing mentoring programmes in this country.

The third area is big macroeconomic reform. Ultimately, the only way in which you really provide jobs for people is by having decent, vibrant businesses that can provide their employment, and the challenge in that is amazing. To put it in context, in Britain we have 15,000 businesses with a turnover of more than $50 million a year. A typical developing country, Tanzania, which has a population roughly similar to ours, has eight. Bihar in northern India, with a population larger than ours, has seven businesses with a turnover of more than $50 million a year, compared with 15,000 over here. The real key to doing this is how on earth you put Treasury and macroeconomic policies into place to generate sustainable jobs through the private sector for these young people. That includes investments in energy, infrastructure and so on.

Q204 Baroness Smith of Newnham: I would like to build on those answers, but first, very briefly, you mentioned that Jordan needs more schools and then said the US will have to pay for them. Why should the US pay for them?

Rory Stewart MP: As opposed to who?

Baroness Smith of Newnham: I was just surprised that you suddenly said, “Well, the US should pay for them”.

Rory Stewart MP: As opposed to who? Us or the Jordanians? What is confusing about that?

Baroness Smith of Newnham: I was wondering why you made the assumption that the American Government would have an interest in paying for education in Jordan.

Rory Stewart MP: America has been Jordan’s major partner since 1950. The Jordanian Government have not balanced their budget since 1950. Year in, year out, the American Government have had Jordan as their second or third largest recipient of international aid. Why? Because US policy has been to see Jordan as a bastion of stability in the Middle East. US policy since 1950 has been based on
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the assumption that were Jordan to collapse, much of the rest of the Middle East would collapse. It is a key ally in the region. It has one of the largest US embassies in the world. US Congressmen and Senators are visiting Jordan almost daily; its ambassador hosts essentially half the Senate every year, coming in and out of Jordan. The USAID educational programme there has been one of its largest education programs and wealth. For all the reasons given, it believes strongly that education is the key to this. Traditionally, the US is a donor that has been more willing to invest in bricks and mortar, whereas we have tended to invest more in the structures—teacher training, capacity building, curriculum development and teaching in the classroom.

Baroness Smith of Newnham: So you see it as collaborative? It is not the US coming in and doing education there; rather, it is investing in bricks and mortar and the UK can potentially assist with education?

Rory Stewart MP: This is driven by the Jordanian Government’s request. The Jordanian Government, through a very complex process with the international community, prepare a strategy for education and lay out all the gaps, and the US will step forward to take over the building of schools as part of a huge strategy that goes all the way through to questions such as truancy.

The Chairman: We have just seven minutes left and three questions to get in, though we may not succeed.

Q205 Baroness Hilton of Eggardon: One of the problems in the Middle East is the countries that do not really have functioning Governments, such as Libya, Iraq and Syria. Below national government level, though, there are regional organisations, community organisations and various other positive actors in the region. How do you manage to relate to that? Are you dependent on central government as a channel?

Rory Stewart MP: That is a very important observation. What is very striking about these countries is that often, when the central government collapses, you find surprising resilience at the local level. I agree with you. My personal experience of this is that in 2001-02, at a time when there was no Afghan Government at all because the Taliban Government had collapsed and no new Government had been set up in Kabul, it was possible for me to walk safely from one end of Afghanistan to the other, being looked after by village after village along the way. Each one of those communities took their own responsibility for security, for what economic development there was and so on. Often the strength and resilience are there at subnational level.

However, there are a couple of nuances here. The first is that that is not true in all countries. It tends to be more so in countries such as Afghanistan that have barely had a functioning Government for 30 or 40 years. In Iraq, Saddam Hussein set out deliberately to eviscerate all local power structures. Almost any tribal sheikh or cleric who posed a challenge to him was killed and he very deliberately put his own governors into provinces. It was very difficult to find functioning structures. That was one of the reasons why, after Saddam fell, you ended up with anarchy. Attempts in places such as Mosul to generate subnational governance did not work very well in 2012, 2013 and 2014, which is one of the reasons why Daesh was able to come in quite quickly.

The second problem is that, even in countries where there are strong subnational structures, it is not really clear whether that can work over the long term and whether such countries can become a modern state, because, very sadly, the process of becoming a modern state, in almost every historical example, ultimately involves the removal of power from the local chief, the village head, into a central government that takes the legitimate monopoly on the use of violence, collect the taxation revenue and implement universal national policy across the country. It is very difficult to understand how you can really have development or modernisation without doing that.

At the same time, in dealing with the immediate crisis and the humanitarian response, we have to focus on those healthy subnational local structures, which, in a country such as Yemen, are often the only way of getting anything through to people. The only way in which a country such as Afghanistan makes sure that there is any hope of security for a particular community is by trusting those local structures.
Q206 **Lord Inglewood:** My memory of *The Places in Between* was that some villagers were rather more reliable as potential predictors than others.

That takes me on to the phenomenon that we have seen with non-state actors, some of which, in JK Rowling’s phrase, tend to go over to the dark side. How can we deal with that? How can we possibly manage that problem?

**Rory Stewart MP:** Chairman, would you like to take this question on non-state actors as the last question? I am concerned about time.

**The Chairman:** What can you spare?

**Rory Stewart MP:** I am very happy to give you another 11 minutes.

**The Chairman:** I do not want to keep you from the Budget Statement, because there might be some more money for you in there.

**Rory Stewart MP:** That would be marvellous.

**The Chairman:** If you could spare another 10 minutes, that would be terrific.

**Rory Stewart MP:** Then let me give you five minutes on Lord Inglewood’s question. The classic example of a non-state actor that we have been dealing with is of course Daesh—ISIS. It is very striking how difficult the international community found it to understand that group or predict what it was going to do.

In effect, ISIS is the descendant of al-Qaeda in Iraq—the group set up by a guy called Abu Musab al-Zarqawi, who started as a 15 year-old in an industrial town just north of Amman working in a video shop—which General Petraeus and the US surge in Iraq in 2008-09 felt that they had crushed and eliminated. By 2010, General Odierno would have told you that there were only a few hundred people left in the organisation. It is clear, however, that within about a year—by 2011-12—they had already significantly re-established themselves in Fallujah and much of Mosul, so that by June 2014, famously, 300 of them were able to drive out two divisions of the Iraqi army and take the second largest city in the country.

At that point, this non-state actor became something else. As the British Government, we are very clear that this is not a state—it is a so-called state. However, it succeeded by December 2014 in controlling a territory that included about 7 million people—Mosul, Raqqa, Deir ez-Zor. It took over the civil service infrastructure, delivered water, electricity and sanitation, and ran a government taxation office. It used the civil service of these places to deliver. Although it had some income from antiquity smuggling and oil, the majority of its initial income came from taxation, run through the traditional structures in those places.

In 2008-09, we would have thought that that was almost impossible; as Vice-President Biden quite understandably said, “Look, these are insurgent groups. They’re not going to try to hold territory. Why are they holding this?” It went completely against the normal doctrine of Lawrence of Arabia, Chairman Mao or any such people who say that you have to move like a mist among the population and cannot hold territory, because if you hold territory a conventional army comes and bashes you. It is insanity for a few hundred guerrillas to try to hold territory. But they did that, and they managed to hold off the combined forces of Iraq, Syria, Iran and other actors who weighed in heavily against them. They held that territory for a surprisingly long time.

The problem with predicting these people emerging in future is just how quickly it seems to be possible for an almost invisible group, which our intelligence might estimate at the time to amount to a few hundred effective fighters, to take a city of 1.5 million people in a moment and then invite in 40,000 foreign fighters from 110 different countries—Malays, Swedes, Danes, people from Cardiff, Norman apple farmers, Yemenis and Tunisians. In fact, the largest component coming in to ISIS was Tunisians. So the lesson we have to take from this is the degree of understanding, knowledge and imagination we are going to need in these regions. The speed with which we are going to have to react, if these people are capable of doing this from a standing start in a couple of months with a few
hundred people, is extraordinary. It is difficult to provide those countries with structures resilient enough to prevent that happening.

Lord Inglewood: Was it digital technology that enabled them to effect that extraordinarily quick transformation?

Rory Stewart MP: They were certainly very good at that. A lot of those foreign fighters were obsessed with social media and excited and drawn in by it. It is true to say that in a world before social media it would have been very difficult to imagine moving 40,000 people from 120 countries into a region at such speed. However, to be controversial for a second, the prime motivation for those people was not the technology, nor was it the socioeconomic conditions in the countries from which they came. It is very tempting to imagine that they became violent extremists because of failures in the societies in which they came. It is very easy to say to oneself, “Oh well, maybe they’re coming from Yemen because Yemen is very poor”, but then you see them coming from Norway, which is quite wealthy.

You might say to yourself, “Obviously they’re coming from Britain because we haven’t done a good enough job at integration”, but then you see them coming from France, which has been very aggressive in trying to integrate people. You convince yourself that it is to do with your social policy or equality, and then you discover that they are coming from Sweden. These people come from monarchies, from democratic states, from democracies that have elected Islamist Governments and from democracies that have elected liberal Governments, but in the end the common theme that binds them together is that they thought they were doing jihad. At some level, we have to struggle with an explanation that is not social, economic or technological for what motivates them.

Q207 The Chairman: A final question, Minister, which I hope will not seem unfair or impossible. As we move towards the post-Brexit situation and we reconfigure our soft power and our smart power and consolidate it, do you feel that your great department is in the right position in the Whitehall firmament, or has the time come for more consolidation and maybe a return of your department to a very much closer link with the Foreign and Commonwealth Office, as it was in the past?

Rory Stewart MP: The government policy is very clear on this, and here I put on my hat as a Minister. We are committed in our manifesto to DfID being an independent department. We are committed to spending 0.7% of our GDP on international aid. We will develop more and more mechanisms to make sure that we work very closely alongside the Foreign Office. I gave an example on the ground of the relationship between the heads of our office and our ambassadors, which I think is increasingly close and which I hope is coming across through evidence.

Without being unfair and to name names, Edward Oakden in Jordan feels very much that DfID is part of his team and that he is running it as the ambassador. Dominic Jermy in Afghanistan is very proud of the fact that he feels that it is one team and that he is the ambassador leading the DfID operation. We reinforce and support that. The same is true of our mission in Rangoon, where again the ambassador works very closely with the DfID team.

Back here, there is a series of different levels at which we can increase co-ordination. The National Security Council, of course, is a way of putting our Secretary of State around the table with the Foreign Secretary. We also do it at official level through the NSCO, and at small-group levels through officials below the NSCO. We are increasingly sending DfID staff travelling with staff from the Foreign Office and indeed the MoD. Lindy Cameron, our director-general, now frequently travels with Christian Turner, the director-general from the Foreign Office, on their trips abroad; they go together. I am planning joint trips with Minister Ellwood, and we are now pushing for co-ordination meetings at a junior ministerial level. We had a co-ordination meeting last week on the Middle East, which Minister Ellwood and I co-chaired, and we are looking to do the same with joint funds, such as the prosperity fund, which I, Alok Sharma and other Ministers sit around the table controlling.

My expectation for the medium term is that we will work more and more closely together but that the departments and their budgets will remain formally distinct.
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The Chairman: Does that co-operation apply to agencies such as the British Council?

Rory Stewart MP: The British Council is a slightly different case. It is not a departmental body; it is an arm’s-length body. I put on record my very strong support for the British Council and how impressed I am by how often people around the world in their 50s or 60s remember having been to the British Council 30 or 40 years ago, the important role that it plays in the cultural life of so many developing countries, and how important English-language teacher training is. I am very proud, for example, that as DfID we fund the British Council to do English language training in Burma, in particular the English language teacher training of teachers in Burma, and how closely we work with the British Council in other countries.

The Chairman: Minister, you have been extremely generous with your time, more generous than we have a right to expect, and we are extremely grateful to you for your openness and frankness on these very complicated issues. We all recognise that we are in a very fluid situation, and you have helped us to acquire a framework within which to prepare our further thoughts and our report. Thank you very much.

Rory Stewart MP: Thank you.
The Rt Hon Jack Straw, former Foreign Secretary (2001-06), former shadow Deputy Prime Minister (2010), former MP (1979-2015) (QQ 72-100)

Transcript to be found under Dr Ahmed Al Hamli
Dr Dmitri Trenin, Director, Moscow Center, Carnegie Endowment for International Peace (QQ 114-121)

Wednesday 18 January 2017

11.45 am

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

Evidence Session No. 10 Heard in Public Questions 114 – 121

Witness

I: Dr Dmitri Trenin, Director, Moscow Center, Carnegie Endowment for International Peace.

Examination of witness

Dr Dmitri Trenin.

Q114 The Chairman: Good morning, Dr Trenin. We are talking to you from London. This is the International Relations Committee of the House of Lords, which I have the honour of chairing. We are conducting an inquiry that is focused mainly on the transformations of power and new developments in the whole Middle East region—a big subject but one that obviously involves the Russian Federation and Russia very considerably. We want to draw on your wisdom in those aspects of our inquiry.

Thank you very much for coming before us. This is a public hearing. There will be a transcript afterwards of what you said and you are entirely free to change it if you so wish. I am obliged to tell you that.

I begin by welcoming you and by asking you this. It is a big question, and do not hesitate to expand on it as you wish. What do you think are the main interests and priorities in the Middle East of the Russia led by President Vladimir Putin? What lies behind the great increase in activity of recent months and years?

Dr Dmitri Trenin: I am deeply privileged and honoured to be addressing this august Committee, so thank you very much for having me. With regard to your question, if I were to summarise Vladimir Putin as President of Russia and his overall agenda it would be that it consists of two priorities: one is to keep Russia in one piece; the second is to restore Russia's standing to that of a great power that is recognised around the world. In my judgment, Russia's involvement in the Middle East, particularly its involvement in the Syrian war and the Syrian political process, is guided by Vladimir Putin's desire to get that kind of recognition from the world.

I see Russia's involvement in Syria as, to use an American expression, a war of choice. If Ukraine was a war of necessity, using the same analogy I do not think there is any Russian leader who could have stood idly by watching the developments in Ukraine. Syria is different; one could have afforded not to
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interfere, particularly with military force, in Syria. Russia’s engagement in the Middle East is not only about the Middle East. It might not even be primarily about the Middle East. It is about Russia’s standing in the world.

Having said that, I would add that this has everything to do with Vladimir Putin’s view, supported by the bulk of the Russian elite, about what kind of world order would be best from the Russian perspective. Mr Putin has been actively and vocally fighting against what he sees as a unilateral, or unipolar, US domination of world affairs. In Putin’s view, the optimal structure of the international community is a system in which several major powers co-operate among themselves and with others to bring about order in the world. He certainly sees Russia as one of those powers.

In the Middle East, particularly in Syria but using the experience of Libya in 2011, Mr Putin sought to prevent two things. The first was an internal uprising, aided from the outside and leading to the toppling of a regime in the way in which the Gaddafi regime was removed in Libya. Secondly, he wanted to prevent a foreign intervention in Syria on the model of either Libya or Iraq. He wanted to turn the Syrian security and political dossier over to the United Nations Security Council, where Russia, of course, has legal rights.

At a lower level, I think that Russia, as the great power that it sees itself as, is interested in having a foothold in the region, and Syria hosts, and in the Russian view will continue to host even post-settlement, Russian air and naval bases, complete with a measure of Russian political influence.

Russia is also seeking lucrative deals for itself in various parts of the Middle East. Unlike the Soviet Union, which went around the world spending money, including in the Middle East, on its clients and satellites, it is out there to make money, including through arms sales and nuclear energy projects.

Mr Putin is also clearly interested in stemming the flow of jihadi terrorists into Russia. As we all know, a number of ISIS followers come from the Russian Federation or the former Soviet states, and Mr Putin is very determined to prevent those people from coming to Russia. This is therefore not necessarily a war to win, but it is certainly a war to kill. In Putin’s view, the greater the number of those people staying immobile for ever in the region, the better it is for Russian national security.

Those, in my view, are the main priorities and interests that guide the policies of Vladimir Putin in Syria and more broadly in the Middle East.

The Chairman: Dr Trenin, that is extremely helpful and illuminating. The puzzle for us, recognising totally that Russia wants to be respected and be seen with its full status and talents in the world, is that if you want to be a great power you have to behave like a great power. I am particularly fascinated by your saying that Russia wants to play the policeman role, the responsibility role, in the world, but doing that requires detailed co-operation with other powers and countries that are also playing that role. It has to be combined. How does that fit in with the rather separatist and go it alone attitudes that we see reflected in Russian policy? There seems to be a contradiction there.

Dr Dmitri Trenin: I think that the Putin strategy for reaching that goal included political, diplomatic and military collaboration with the United States from the very beginning in his Syrian operation. Mr Putin aimed to get the United States to agree to a formula that I would call Dayton à deux, with reference of course to
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the Dayton agreement that ended the Bosnian war, engineered and presided over by the United States. In this case, Mr Putin wanted the United States and Russia to act as two co-chairs of the Syrian peace process.

As a result of that, Putin instructed his Foreign Minister, Sergei Lavrov, to work very closely with US Secretary of State John Kerry. I believe that John Kerry was guided by his own very clear desire to do good and to bring peace to Syria. He won a lot of respect in Moscow for his efforts. As we all know, the United States and Russia engineered two ceasefire agreements in Syria, one in late February last year and the other in early September. Both, however, fell through, primarily because in the Russian view—I understand that this view is not shared by many in the United States—Washington failed to deliver.

Frankly, my analysis tells me that the attitudes in Washington towards Putin’s offer of collaboration with Russia on Syria did not have the critical mass of support. This idea enjoyed the enthusiasm of John Kerry, but the Pentagon was never warm to it. In fact, Ashton Carter, the Defense Secretary, several times during 2016 called Russia the United States’ security problem foe number one, whereas ISIS was numbered five on that scale. It would have been ironic for the United States to link up with their foe number one to fight foe number five.

As I understand it, the intelligence community in the United States was equally sceptical about the wisdom of collaborating with Russia and that President Obama was somewhat above the fray but not really committed one way or another. So the Putin plan of getting US political and military co-operation, which would have elevated Russia to eye level with the United States diplomatically and militarily—in my view, Putin’s goal—was never realised.

In reality, Putin’s strategy did not work the way he planned and Russia had to do it in a different way by helping the Damascus forces to fight their way through in a number of areas, including in Aleppo, and most importantly by reaching out to the Turks and making common cause with them while making the Iranians acquiesce in this Russian-Turkish peace effort. This is what we are watching now with the Astana meeting next week, with Russia and Turkey rather than Russia and the United States leading the process of political negotiations that we hope will lead to some sort of reconciliation and political settlement in Syria.

So I would not say that separatism, as you mentioned, was Putin’s first choice. It was his second choice, but it was the choice he had to make as a result of the failure of Russia’s attempt to get enough support from the United States. As I understand the political developments in the United States, in particular as part of the election campaign, they in effect prohibited closer collaboration between Washington and Moscow on the Syrian issue.

**The Chairman:** If we have time, we will come on to that in more detail. Lord Jopling has a question.

**Q115 Lord Jopling:** Dr Trenin, given the military intervention by Russia in Syria, I think you are the ideal person to fill in for us the background of Russia’s current military potential. So that we can understand this, could you give us as accurate an assessment as you can—I realise it will be a broad estimate—of the rough percentage of Russia’s GDP that goes on the defence budget?

Secondly, is there truth in the assertion by some people in the West—I have heard it said in NATO—that the Russian military is considerably
stretched? I heard this particularly from NATO after the Ukraine and Crimea affair. Clearly, with Syria that is more so. Given the fact that only three years ago, as we understand it, the Russian military defence budget was smaller than the United Kingdom’s, it would be interesting to know the extent to which you feel that the Russian military is stretched at this time.

Dr Dmitri Trenin: Thank you very much, Lord Jopling, for your question. I think Russia’s military expenditure as a percentage of its GDP is one of the highest among the major powers at between 5% and 6%. This causes a considerable amount of debate within Russia and has been a cause for debate since the current programme of military modernisation was adopted back in 2010. That programme called for expenditure of up to $700 million over 10 years to 2020 to turn the remnants of the Soviet army into a useable modern military force.

Even though Russia’s defence expenditure is, I think, number five in the world, the Russian Government have been able to obtain a useable military instrument, as we have seen in Crimea and now in Syria. Clearly, the Russian military modernisation is not complete. Only eight years ago, during the war in Georgia, Russia exposed its post-Soviet military weaknesses in a fairly remarkable way, in five days losing aircraft, including a strategic bomber, against a foe like Georgia. The Syrian operation is a far cry from that. The Crimean operation was also, from a military professional view, executed in a spectacular way. Is the Russian military stretched? I do not think that it is. It is certainly not stretched the way it was during the Chechen war.

I recall Putin saying in the 2000s that they really had to go out of their way to find 50,000 soldiers capable of fighting in the north Caucasus, out of a military force numbering 1 million men. So progress has been achieved; it is real. Russia has been able to do a lot with very little. The Russian military force in Syria now has 3,000 aircraft, more or less, and employs 4,000 or 5,000 men. It has an annual budget of around $500 million, so at this point it is affordable, or almost affordable, by Russian standards. It is not only numbers that tell the story but the strategy and tactics of employing a force. The level of training has risen dramatically over the past few years. The Russian army has constantly undergone various drills and exercises. Syria is, if you like, another continuous exercise for the Russian military.

As I said at the beginning, it is a burden and it is considered to be a burden, and there is consensus that defence expenditure should go down within the next couple of years to the benefit of human services such as health, education and welfare. But what Russia has been able to achieve in the last eight years since the start of the military reform is truly remarkable. The employment of the military in places such as Crimea in a non-combat environment, and in Syria, right in the environment of a war, attests to the considerable success of military reform in Russia.

Q116 Lord Reid of Cardowan: First, thank you for your very lucid and comprehensive answers, Dr Trenin.

Can I ask you about an aspect that I suppose is parallel to Russia’s ambition to be seen as a major power along with others in the Middle East: that is, the effect of Russia’s actions on what some people would call the Middle East “street”—the public there? Some evidence has been put to us that surveys show that perceptions of Russia have become more
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unfavourable among Arab publics as a result of Russia’s policy in Syria and that its relations with Gulf countries in particular have become more fraught. Assuming that these surveys are correct, and some of them may be counterintuitive, is this of concern to Moscow? Does it limit what Russia can achieve in the region, or is Russia concerned less about popular public opinion than it is about its relationship with state elements?

Dr Dmitri Trenin: Thank you for your question, Lord Reid. I have been to the Middle East and can attest to the veracity of your statement. There is a body of such opinion, but it is difficult for me to say whether this is a “street” or elite view, as I do not speak Arabic; I speak only to people who speak English or other western languages. However, as I understand it, at the elite level there is a division. There are those who see Russia as a threat, as doing either more harm than good or only harm in the region. I was treated to an interview in Beirut in front of a large picture of a house that had been totally destroyed. When I asked what it was behind me, I was told that this was a house destroyed by a Russian bomb. I was interviewed by a Syrian refugee who was virulently anti-Russian, and she had her arguments.

On the other hand, in the same city of Beirut I met other people who I would not say were pro-Russian but who saw Russia as more of a positive force in the region. I think that anyone who gets involved in a fight and who has aircraft dropping bombs and launching missiles will, as always happens in any war, kill civilians and innocent people. Every country bears the brunt of accusations of, let us say, inhumane or barbarian behaviour, so there is this element.

On the other hand, it is not that the Russian leadership is ignoring this. I think it is looking at it very closely. What the Russian leadership wanted to avoid in the first place, and I think it succeeded, was falling into the trap of the Shia-Sunni divide. The Russian operation in Syria is being implemented by a coalition with the forces of Damascus led by an Alawite regime close to the Shia. The forces on the ground include the Iranians and Hezbollah, who are also both Shia. The country playing a supporting role in the Russian-Iranian-Syrian or Damascus coalition is Iraq, which again is a majority Shia country. A lot of people, including very knowledgeable experts in the Middle East, predicted that this was a trap that Russia would not be able to avoid falling into.

Yet 15 months on, I would say that Russia has been able to avoid falling into it through its rapprochement with Turkey, which is a major Sunni power, through its very careful cultivation of Egypt, which is the biggest Arab/Sunni power, and through its various contacts with the Gulf states. Even though in the Gulf states you hear a lot of criticism of Russia and its actions in Syria, note that it was Russia that facilitated the deal on reducing oil production between Iran and Saudi Arabia within OPEC, although Russia is not an OPEC member. Putin played an important facilitating role between the Saudis and the Iranians, and between the non-OPEC countries and the OPEC countries. So there is something happening in a constructive way between the Russians and perhaps its most serious critic in the Arab world, the Government of Saudi Arabia. I also note that another virulent critic of Russia’s policies in Syria, Qatar, decided last month to buy a stake in Russia’s Rosneft, and acquired a stake of almost 20% in it. So I think it is a mixed bag.

The bottom line for the Russians is, “We’re back as a major force. We cannot be ignored”. The worst thing for the Russians is to be ignored. The second worst
thing is to be blamed for things, and, of course, they aspire to be recognised and treated as a serious player. I do not think that these days they aspire to be loved or followed; that is not the issue. Getting respect and recognition is their objective, and I think they are getting it. A senior Gulf diplomat told me, “Five years ago in my part of the world, no one was talking or even thinking about Russia. Today, Russia is on everyone’s mind”. Even the fiercest critics of Bashar al-Assad would agree that the Russians have stood by him through five difficult years of civil war in his country, whereas the United States dropped their ally of 30 years, Hosni Mubarak, on the eighth day of demonstrations in Tahrir Square.

This gives Russia a certain image of steadfastness, cruelty maybe, a will to achieve the desired result, decisiveness—the things that I believe are much valued in the Middle East. This is my answer to your question.

**The Chairman:** Thank you. Lord Hannay, who I think you know, would like to ask you a question now.

**Q117 Lord Hannay of Chiswick:** Good morning, Dr Trenin. It is a great pleasure to speak to you again. Turning a little to the domestic attitudes towards Russia’s Middle East policy, you have already said a bit about it, but to what extent does President Putin’s policy have wide support in foreign policy elites and among policymakers? Even if they support it so far, do they think that there are some limits to the amount that Russia should get drawn into a very turbulent part of the world? To what extent does public opinion, which perhaps does not count for a huge amount, play in this?

In the domestic field, you referred to the agreement reached between OPEC and some non-OPEC suppliers to limit supply, with a view to boosting the price of oil. Do you think Russia is in a position to continue limitations on its own oil and gas production, given its reasonably precarious budgetary situation?

**Dr Dmitri Trenin:** Thank you very much, Lord Hannay. It is great to see you and hear you again.

I would stress that going into Syria was President Putin’s personal decision, in my view. It was not discussed among the elite very much, and it was certainly not discussed publicly. It was very much the President’s own decision, just like the decision with regard to Crimea. When this decision was announced, some members of my own staff at Carnegie Moscow Center came to me for private advice and consultation. The question on their minds, and they were all ladies, was about the chances of their sons being drafted into the Russian military and sent into Syria, the way a generation or two ago Soviet soldiers were sent to Afghanistan. The first thing that an ordinary Russian thought when he or she heard the name Syria as a destination of Russia’s military activity was Afghanistan. So Putin was clearly out on a limb with that decision.

I think there was concern for some time. People in Russia do not necessarily always believe what the Government tell them, even a very popular President. He assured them from the start that it would only be an air campaign and that there would be no ground forces, at least not in a combat capacity, but people were still worried. After a few months, I think the conclusion of Russian public opinion was, “Well, we have a military that can do the job relying only on the professionals”. If you like, it was Russia’s first American-style war, in which you employ the air force and the navy and you do not have ground troops. You rely on others doing the ground work for you, and you take almost no casualties.
Dr Dmitri Trenin, Director, Moscow Center, Carnegie Endowment for International Peace (QQ 114-121)

To date, as far as I know, the number of Russians who have died in the war, 15 months after the start of the operation, is 23. Russia has lost one airplane and several helicopters, but the level of casualties, as I said, has been unbelievably low in comparison to anything that has happened before in Russian history. So Putin’s policies, which were seen initially as risky, have been seen as paying off and not placing much of a burden, particularly not much of a blood burden, on the Russian people. The public have grown much calmer with regard to the Syrian campaign, basically leaving Putin and the military to run it, to the applause of the—

The Chairman: The video link has been disconnected. We will wait for it to come back again. It has probably been cut off by Washington.

The Committee suspended and then resumed.

The Chairman: I am sorry, but the connection was lost for a moment.

Dr Dmitri Trenin: Let me finish by saying that public opinion certainly matters in a country like Russia. It is the legitimacy of the rulers that is the problem. Let me put it this way: the rulers base their legitimacy on public approval of their policies and their own status, so it counts. So far, the public have been largely supportive of the Syrian campaign, although it is a distant war in a country that is not seen to be of vital importance to Russia. Since it is presented as a war against terrorism, which does affect the lives and livelihoods of ordinary Russians, this is seen as the right thing to do, but primarily, as I said, because so far the war effort has been successful.

The Chairman: Dr Trenin, Lord Hannay unfortunately has to leave this Committee now, but I would like to press you a little further on his question about oil and gas revenues, which after all supported the Russian economy very substantially and are now considerably reduced. What is the impact of this? Can Russia really deliver on the targets discussed with OPEC for reducing its oil and gas output, or are these matters not under the direct control of Moscow?

Dr Dmitri Trenin: I think the spike in the oil price benefitted the Russian budget handsomely. In my view, that compensates for the fall of production. I do not know; we do not have inspectors who monitor how much Russia produces. I imagine that the risk of being exposed for cheating is too high and the pay-off not sufficient for Russia to cheat on its commitments.

On how much of a problem this creates for the Russian budget, as I said the oil price that has grown substantially over the past several weeks is certainly a compensation. Moreover, again I am not an energy expert, but the energy experts I trust tell me that Russia finds itself at the peak of its oil production and that it cannot go much above the levels it was producing at. Russian production was going to be reduced just by natural causes, and now you make a virtue out of necessity. This may be a cynical view, which is fine in Russia. Again, this is what I am told by my energy experts.

Q118 Baroness Coussins: Sticking with Syria, you said that in your opinion Russia’s policy there is having success. Clearly, Russia is currently positioned as the key decision-maker, although it seems that achieving peace will be far from straightforward. How successful do you think Russia can be in delivering a sustainable political process in Syria?

The other element I would just like to include is that you said earlier that one of Mr Putin’s priorities was to prevent terrorists coming to Russia, yet
there seems to be some possibility that there is traffic both ways. We have certainly become aware of some reports suggesting that there is some movement of Russian Muslim radicals going to Syria. How worried are you by that, and could this, if it is the case, threaten, compromise or undermine any success that Russia’s Syrian policy is having in Syria?

**Dr Dmitri Trenin:** Thank you very much for this question. Although the war is ongoing, I think it is now largely at a standstill between the opposition and the government forces. The ISIS forces are still at war with both the Syrian government army and the Russians. So any success today is not yet sealed, and it can be sealed only through a political agreement, which I understand will be very difficult to reach, between the opposition and the Government. So I think that the Russians can be successful only if they manage to operate very closely with the Turks, who hold many keys to the Syrian political settlement, and as long as they can make the Iranians acquiesce in receiving something less than the Iranians would want from a Syrian settlement.

Russia would also be successful only if there were some sort of understanding between the Russians and the Saudis in particular. I do not believe that you can have a final agreement without the United States being at least benignly predisposed to it, if not an active participant. We will see what the Trump Administration’s policies will be on that. The United States is important. Certainly, if the United States opposed an agreement, I do not think it would be implemented. The United States at least needs to engage or take a benign view of something in which it prefers not to engage directly. That would be the answer to your question.

I think that the Russians and the Americans, in the months of their negotiations led by Lavrov and Kerry, managed to come up with an outline of that future settlement in Syria. I believe that what will be discussed in Astana and later will be based on the work already done by the Russians and Americans. We are talking about a decentralised Syria, essentially, in which various groups are given certain rights and privileges: if you like, a Lebanon-ised Syria. That is what I understand is emerging from those blueprints.

With regard to the terrorists, one striking thing is that in the 15 months of the war Russia has not—let me touch wood here—seen a major terrorist attack on its territory. I do not think that was the result of neglect on behalf of jihadis, because Russian targets were of course hit, starting with the passenger plane shot down over Sinai two weeks into the air campaign, killing 224 people, and all the way to the killing of the Russian ambassador in Ankara in December. Yet I understand that within Russia the security services have so far been able to prevent attacks that affected a number of other countries, starting with Turkey. True, the thousands of Russian citizens who are now fighting, or who were fighting before they were killed, in the ranks of ISIS left Russia to go to Syria. There is a whole stream of such young men but also young women. There are some pretty celebrated cases involving women who left Russia to go through Turkey to Syria to join ISIS. This is certainly a pretty important stream of people, but as you know there is a practically visa-free regime between Russia and Turkey. You can go to Turkey fairly easily, and then you can end up in Syria.

As you said, there is traffic both ways, so some of those veterans can come back, and some of them have come back, to places in the north Caucasus. Some of them have been involved in attacks there, in Dagestan and Chechnya. A few of them have been killed and a few have been arrested. Terrorism is a major
issue for Putin. Let me say that he made his name as a fighter against Chechen separatism and terrorism, and he is not lowering his guard. To him it is a major priority. This is something he has been doing ever since he was called upon by Yeltsin to become his Prime Minister back in August 1999. He has been fighting those people, ordering their elimination and liquidation, and neutering them. I do not think he will stop doing that as long as there is a threat out there. But now he prefers to engage those people on foreign territory.

**Lord Reid of Cardowan:** Could I just probe a little further on this? You said, and we all welcome it, that there has been a relative absence recently of terrorist attacks inside the Russian Federation. It has been said in certain quarters that part of the reason for that is that, as a matter of policy, Russian authorities and agencies have encouraged and facilitated the outflow of domestic jihadists and would-be terrorists to Syria. Is this your observation? If so, is this not a rather short-term policy? One remembers the encouragement and facilitation of jihadist groups by the United States and others a few decades ago in order to undermine the Soviet Union in Afghanistan. Of course, what goes out can come back in. Do you have any observations on both the facts of this and the potential longer-term implications?

**Dr Dmitri Trenin:** I have heard those reports. Certainly, there is no official confirmation of that; nor do we expect such confirmation. You can regard those reports as plausible. This is speculation on my part, but I could imagine people saying, “Let’s allow those people to leave the country and get to Syria. Then, first, we rid the country of them and, secondly, we’ll manage to get them killed in Syria”. Again, this is speculation on my part, but if that were policy I would say that there are risks to it. You may end up with battle-hardened people coming back and becoming more of a problem. Again, I have no facts except the rumours that we hear: the reports suggesting that that was one of the reasons why so many people went to Syria.

I hear that there is a lot of work and activity now done in the north Caucasus with the families of potential jihadis and with the potential jihadis themselves to persuade them not to go. If we are talking about Chechnya, people who want to fight bad things that they see around them can be inducted into the official paramilitary forces that exist there. Again this is a pretty complex situation, as I understand it. Much of what is going on, particularly in the Caucasus region, is governed not only or even primarily by the laws of the Russian Federation but by the habits and norms of those societies.

With Chechnya, in my view, you have a state in all but name that is linked to Russia by means of almost a personal union between its leader and Vladimir Putin. The laws that operate there are not all laws of the Russian Federation. Other norms, principles, ways and habits are as effective there. As I said, if that is the case as you describe it, it may be a double-edged sword but I am sure that the Russian security services have taken on board a lot of their own experience from Afghanistan and the experience which the United States gained there and in Iraq and other places. The fact that there has been a marked reduction in terrorist activity in Russia, as I mentioned, is partly the result of those lessons being taken into account. But, as I said, if even part of what you are saying is true, there are risks that need to be look at very seriously.

**Q119 Lord Grocott:** Dr Trenin, thank you very much for the clarity of the insights from your answers. I particularly noted down your comment that, as far as Russia was concerned, the involvement in Syria was a matter of choice
whereas its involvement in Ukraine was one of necessity. I think I am saying it roughly as your described it. That is pretty important for western diplomats to be mindful of. I am sure they are, but it is an important observation.

In the light of that, I have a rather general question that leads to something more specific. How would you characterise the state of UK-Russian relations at the moment? In particular, what areas of common interest, perhaps common diplomatic activity or areas of co-operation, do you see our two countries having in the Middle East?

**Dr Dmitri Trenin:** Thank you for this. In a word, I would characterise the relationship, again with all my bluntness, as “frozen”. I do not think that much moves between Moscow and London these days. I look at the Russian TV coverage of UK policies and politics, and it is very useful to watch the state-run television programmes, because not only do they tell you—sometimes not so much—what is happening in the world but they give you a lot of insight into what the Government think about this and that; what they really think and cannot say in so many words but allow their broadcasters to say for the Kremlin. I think the one meeting that the President had with the Prime Minister, judging by the coverage in the news media, went pretty badly.

At this point there is practically no co-operation on issues linked to anti-terrorism or security in Syria. In fact, one striking thing about the Syrian issue that we have been discussing is that Europe, not just the UK, is largely absent from it, although I imagine that what happens in Syria has already had much more impact on what happens in Europe via migration, terrorism and other things than it does in Russia. Europe is largely absent from Syria. At least, I see it as absent, and this is striking to me. I understand that attempts were made at resuming UK-Russia collaboration, including in the security area, at some point last year and that later those were put on hold. I do not know the story, but that is my understanding, and it has not led to any additional warmth in the relationship. As I said, that remains frozen.

The common interests of the UK and Russia in Syria and the Middle East are, I think, pretty obvious. Europe suffers from flows of migration. It suffers from terrorists who have links to or roots in the Middle East. Russia also suffers or may suffer more in future from terrorism, and it certainly wants to contain and eliminate the threat of terrorists emanating from the Middle East. There is clearly a lot that the UK, which has one of the best intelligence services in the world, and Russia, which also has a very able and capable security service and military forces, could do together, but unfortunately for political reasons that are, as I understand it, linked to Litvinenko and other things, co-operation is not happening. We are all paying the price for that.

**Lord Inglewood:** Thank you, Dr Trenin, for your comments, which I have found most interesting and helpful. In your remarks, you touched on the fact that Russia has built alliances with, for example, Turkey, Egypt and Iran, partly in response to recent events in the Middle East. How enduring do you think these alliances will be, and do they have a shared strategic aim? In turn, how might they change the relationship for example between the Europeans and our own country with what is going on in the Middle East?
Dr Dmitri Trenin, Director, Moscow Center, Carnegie Endowment for International Peace (QQ 114-121)

**Dr Dmitri Trenin:** We have seen Russia’s relations with Turkey evolve in a most dramatic way in the 15 months of the Syrian war, from some sort of partnership that went sour and led to almost a war between Turkey and Russia, to a new rapprochement and a near-alliance relationship in which the Russians are bombing targets that are a problem to the Turks in Syria.

I think that all those alignments are, at this point, more tactical than strategic, if by strategic we mean something that is permanent, like NATO. I do not see NATO-like relations between Russia and any country in the region. Russia is in the unique position of being in contact with all players in the Middle East, with the sole exception of ISIS and al-Qaeda, or its affiliates. On the other hand, it is nowhere 100% against anyone. There is always room for bargaining and cooperation, but there is always quite a big measure of competition. That is unavoidable.

In Syria, it looks to me as though some sort of peace settlement would lead to Turkey being given assurances on the Kurdish side that it will not see a deterioration of the security situation as a result of what happens in Syria after a future settlement there, in return for Turkey’s engagement with the Opposition so that they come to some sort of closure with the Government in Damascus. I see this as representing the balance of interests that is a favourite modus operandi of Russian diplomacy. Of course, we know that we are dealing not only with countries but with people, and people are changeable. We have seen President Erdoğan blowing hot and cold and doing different things. There is no guarantee that the alignment between Russia and Turkey will see through the end of the Syrian conflict, but at least for now it looks as though it is a productive alliance.

With regard to Iran, it is more complicated. Iran has a set of goals in Syria that go way beyond Russia’s goals. Let us put it this way: Iran’s goals in the Middle East are not supported by Russia, so there is more of a tactical alignment of interest between Moscow and Tehran on Syria. Yet the two parties depend on each other to an equal degree, which makes them partners for the time being. As long as rationality prevails, I think that the alignment between the Russians and the Persians can hold. Of course, it has its limits. Last August, we saw Iran giving Russia a right to use its air bases for strikes in Syria. That lasted for a couple of days and then the Iranians basically withdrew that right from the Russians.

Egypt is another interesting case. Russia sees Egypt as both its major political partner in the Arab world and a client for its arms industry, but the arms that the Egyptians buy from Russia are bought with Saudi money. Of course, there is a connection to Riyadh and the Russians must take account of that. So it is all pretty complicated.

As I said, nothing is 100% this way or that way, but as long as you can manoeuvre on that very treacherous political and diplomatic field, which is also partly a military battlefield, and as long you can continue to play the game, you can earn the title of major power with an impact on what happens outside your borders. If Russia comes up with a Syrian political settlement, I think it will be a public good that will be a feather in Russia’s cap as a major power. Russians are looking at other areas in the Middle East where they can do political facilitation in conflicts as far apart as Libya and the one between the Palestinians and Israelis. So the Russians are getting deeper into the region’s affairs. I think they should be careful not to overextend themselves, but so far they have coped.
Dr Dmitri Trenin, Director, Moscow Center, Carnegie Endowment for International Peace (QQ 114-121)

The Chairman: Dr Trenin, we have one last question for you, but it is a big one. Baroness Smith will put it to you.

Q121 Baroness Smith of Newnham: Dr Trenin, you talked about the first meeting between Theresa May and Vladimir Putin as appearing to go pretty badly. By contrast, relations between Putin and Donald Trump appear to be rather good. Trump said earlier this week that he starts his presidency assuming that he trusts Angela Merkel on the one hand and Vladimir Putin on the other. To what extent is that relationship reciprocated? Does Vladimir Putin trust Donald Trump? Do you think that the improved relations between American and Russian Presidents, compared with Obama and Putin, will play out in the Middle East in a way that enhances outcomes there? What are the potential challenges?

Dr Dmitri Trenin: Thank you very much for the question. I do not think there is much of a relationship at this point between Putin and Trump; there is more a series of gestures that each person has issued for the other. I do not think that you can talk of trust at this point. I would use a different word: each party gives the other some credit. That is a better description of the starting point in US-Russian relations under Trump and Putin.

As I said before, in international affairs we are dealing not only or primarily with countries but with people who represent them. In that case, I think that the relationship between the United States and Russia suffered very much because of the disconnect between Presidents Obama and Putin. Actually, the relationship between Presidents Obama and Medvedev was a bit better. In the end, that relationship fell through because it did not reach what was expected, certainly by Moscow. I think that at the beginning, before Obama and Putin ever met, the two could speak the same language of realpolitik or transactional politics. Trump sees himself as a deal-maker, or deal-maker in chief, and Putin is also very much focused on specific deals and transactions, although he is guided by a certain "quasi-ideology", or something like it. They might use the language of national interest. I see Mr Trump as an American nationalist and Putin as a Russian nationalist. If they speak the language of their respective national interests, there is something they can talk about and potentially agree upon.

I do not believe that we will witness another reset between the United States and Russia. I do not think that we will revert to the halcyon days of US-Russian and Russian-western partnership. I think that is over, at least for the time being. But there may be a series of agreements and deals that would lead to some public good becoming available, including in the Middle East. As I said before, nothing can be done in the Middle East, or elsewhere for that matter, against the active opposition of the United States. The United States is an indispensable power in agreements and deals being done in various parts of the world. It might not be always indispensable in reaching deals, but it is in allowing those deals to be implemented. I think it is an important goal of Putin’s foreign policy to get the Americans on board.

Again, it is one thing to celebrate the Syrian settlement with Turkey but a totally different thing to celebrate it alongside the United States. Putin’s goal is not to make Russia a co-equal of Turkey but to rise to the eye level of the United States. So I think that he will work hard to get Trump on board and have the United States become an active part of the Syrian political process. If they decide to have a coalition effort against ISIS, I think the Russians would be very pleased, as I said earlier, if the formula for that were a US-Russian coalition of
equal. So it is not to be ruled out that they reach some sort of accommodation and do some deals on the Middle East. I wish them both well, but as I said it is not a given. I am not holding my breath for a paradise regained of US-Russian or Russian-western partnership.

**The Chairman:** Dr Trenin, on that note, we must let you go. Your insights have been extremely illuminating and greatly valuable to this Committee. We thank you very much for your time. We much appreciate all that you said.
Dr Christian Turner CMG, Acting Political Director, Foreign and Commonwealth Office (QQ134-147)

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Transcript to be found under The Rt Hon Boris Johnson MP
Mr Henry Wilkinson, Head of Intelligence and Analysis, Risk Advisory Group (QQ 49-54)

Mr Henry Wilkinson, Head of Intelligence and Analysis, Risk Advisory Group (QQ 49-54)

Transcript to be found under Professor Kerry Brown
Lord Williams of Baglan, Former UN Under-Secretary-General and UK Special Adviser on the Middle East (QQ36-48)

Lord Williams of Baglan, Former UN Under-Secretary-General and UK Special Adviser on the Middle East (QQ36-48)

Transcript to be found under Mr Ayham Kamel
Mr Stewart Williams, Vice-President, Wood Mackenzie (QQ148-164)

Transcript to be found under the Rt Hon Lord Lamont of Lerwick
Mr Matthew Wyatt, Deputy Director for Middle East and North Africa Department, Department for International Development (QQ 196-207)

Transcript to found under Mr Rory Stewart OBE MP