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THE NUCLEAR DEAL WITH IRAN: THE BEGINNING OF A
FUNDAMENTAL CHANGE IN THE RELATIONSHIP WITH THE WEST?

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(10:45 a.m.)

MR. ERVIN: All right everyone, just another housekeeping work. We're going to go right through after this session to the next one so as to get back on time. So if you could stay in the room after the session, we'd be grateful.

The next session is titled, The Nuclear Deal with Iran: The beginning of a fundamental change in the relationship with the West? Is that the case or it's simply a discrete achievement that has no broader implications for the wider relationship. That is the question this panel will address.

And to moderate this session, we're very pleased to have with us, Deborah Haynes, who is the Defense Editor of *The Times of London*. She has reported over the years from a number of hostile environments including Libya, which has been the subject that you know, of much discussion here today and yesterday. And among her many distinctions is having won the inaugural Rat Up a Drainpipe Award for her work on Iraqi interpreters facing the threat of death after working with British forces. Please join me in welcoming Deborah Haynes, who will lead this discussion.

(Applause)

MS. HAYNES: Hello, good morning. So we're here today to talk about the implications of the Iran nuclear deal. And today that I have with me two very distinguished panelists, Sara Bazoobandi, who is a senior lecturer at the International Political Economy -- or in international political economy at Regent's University in London. And is also an associate fellow on the Middle Eastern and North Africa Program at Chatham House. So she'll be able to talk very much about the internal affairs inside Iran, the economics of the sanctions being lifted.

And also to talk about the diplomatic and

security implications of the deal, we have Peter Westmacott, who up until three months ago was the UK Ambassador to Washington. He actually started his diplomatic career based in Tehran, speaks the language and is married to an American Iranian. So has a very in-depth knowledge of the situation, both internally and externally.

I thought we'd start off with both panelists giving just their thoughts on the implications of the deal, whether it is a historic moment as supporters wish it to be, of the relationship between the West and Iran improving fundamentally, or as critics would say, whether it's just a fudge, and actually Iran has not changed its intentions whatsoever in terms of its nuclear ambitions and has instead managed to work out a way to get a lot more money into the economy, which in the end will enable it to be stronger in its supporting of proxy armies, while at the same time in a few years time maybe, eventually developing the bomb.

So I thought we'll open up with their thoughts on that and then I'll ask a few questions and then open the floor up to everybody else to ask some questions. So Sara, do you want to start?

MS. BAZOUBANDI: Sure. Thank you very much. In answering the first question, whether or not the deal was or is a historical moment in which Iran has completely transformed itself and is reborn as a new player of the international community and having strong and serious intentions to change its regional strategy, or it's completely opposites and it's just a matter of buying time strategy and delay strategy in the sense that Iran wants to resolve some of their economic challenges and come back in order to pursue the previous strategies, regional and internationally, even domestic level.

I would say that this is a very early stage to answer this question, because the consequences of the deal internationally and domestically are still evolving. And the two sides of the debates, the supporters and the critics of the debate, are still challenging one another, and there is a no winner in the sense that's needed, the

hardliners who believe that it is a completely waste of time and we shouldn't have had gone back to the negotiation table, or the ones that they think that we are -- the only way forward for Iran was to go back to negotiation table and pursue that.

They still are at both domestic and international level, they're still are going through a challenge phase, a challenge period in the sense that there is no winner yet.

What I would say in my personal opinion, in answering a question is that perhaps it was neither of these scenarios, it was neither of these -- it's not going to be neither of these scenarios and it's going to be something in the middle. So we're not witnessing a historical moment of shift of Iran. We are not witnessing a complete waste of time, but we are seeing an Iran, which is pursuing its expediency in pursuit of the establishment's expediency, which is a very, very strong political concept in Iranian domestic politics, the concept of Maslihat-i Nezam, which is that the expediency of the establishment. And that is perhaps the key driving force behind what has happened in relation with the nuclear deal.

The establishment had seen itself, somehow obliged to -- seen it's expediency somehow linked to coming back to the negotiation table to resolve this issue, but it's not a blanket strategy that they're going to pursue in every aspect of their life. Specifically, domestic aspect and maybe just to some extent regional aspect.

The reason that the establishment see -- saw it's expediency in pursuing the nuclear deal was as a result of a number of factors. The first factor is the region -- sorry, the internal challenges within the establishment. Many of the former or current senior figures of the political establishment within Iran of the political elite within Iran have changed their views over the past few years. The best example are the leaders of the so-called Green Movement, who are from a very, very strong revolutionary background -- were at that initial

stages of the establishment of the revolutionary government in Iran. And gradually, they shifted towards a different less hard-line approach in their visions: Rafsanjani -- former President Rafsanjani; former Prime Minister Mousavi, et cetera.

The other reason is that the military and the security operators inside Iran has also been very fractured over the past years. Many people, many observers talk about the IRGC as this very strong one opinion institution that they -- everybody agrees within the IGRC about their strategies. That's not the case in my opinion. Within the IRGC also, we have lots of different factions and lots of different stuff -- opinion.

The next reason is that the establishment sees its survival in pursuing this strategy as a matter of expediency simply because the new generation of Iranians are not the same as the ones that were involved in the revolution. The people in 1978 revolution or 1979 revolution -- I'm sorry -- are completely different in their visions and their strategy -- in their mindset, sorry, in compared with the new generation.

Peter perhaps can comment on that, because he is saw this, the previous generation of the Iranians from within Iran. And finally, I think, the experience and the lesson of Arab Spring was quite sobering for Iranians and Iranian establishment, in the sense that going for drastic measures, whether it's domestically or in dealing with the international community is only going to lead into a collapse, the collapse of the establishment and is going to only lead to losing what establishment has already managed to achieve in the region at the international level and domestically. So it's better to go back to some of these value -- revolutionary values especially in the context of the nuclear deal and revise those.

I think I'm going to stop here and hand the conversation to Peter and then we could have some more debate on various points.

MS. HAYNES: So what do you think? Do you agree that it's a bit of both, but in the middle?

MR. WESTMACOTT: Can I say just a couple of words in the beginning about the significance of it, and the background to it and then I'll try and comment on that. I think from the perspective of United States and the international community, this was a big deal. I recall -- just jotted down a couple of points from the interview that President Obama gave to Jeff Goldberg in *The Atlantic* in the April edition of that magazine.

"Power is getting what you want without exerting violence. And secondly, diplomacy is a key element of United States power. Because when you have to use military action, there is always a sense of violating the sovereignty of another country." And I think bearing in mind what we know of where President Obama comes from, what he said about dealing with Syria and so on; this is for him, the example of using American clout to get a diplomatic solution, not through military means, which for him is enormously important.

He has looked at a number of other areas of Middle East. He got elected to end wars, not start wars, but Iran was one of (inaudible) which he focused on and he gave John Kerry -- before that Hillary Clinton. And before that in secret one or two senior officials a green light to see whether there was a diplomatic solution to the Iran problem. And he also was prepared at key moments to shift US policy, which is one of the reasons why we ended up with a deal; which was that they were prepared to allow a modest amount of enrichment whereas previously neither they nor the Europeans 10 years earlier had been prepared to go along with that.

And it came about, because a number of different things happened, political change in Iran of course. There was a lot of fiddling around with discussions between the Europeans and the Iranians; and the American and Iranians before the election of Hassan Rouhani, and everybody knew it was going nowhere and everyone was waiting for that election and then it happened. Rouhani was elected not as the first choice of the theocracy, but because there was some quite nimble footwork by those people who wanted political change. And he ended up being

the guy who got elected and Ayatollah Khamenei chose not to fiddle around with the results as he had done previously and been criticized for in order to get Ahmadinejad his second term.

So you had political change there, you had political input from the United States, you have comprehensive international sanctions, you had a declining oil price, you had several things which were coming together and which were I think instrumental in getting where we were. There was still the credible threat of military action on the table, even though many of us did not think that was the right way solving the Iranian nuclear problem. It was out there. It was an issue.

And I think there was some key elements of personal relationships whether it was John Kerry and Javad Zarif, the foreign ministers who got on so well that they are in touch kind of almost all the time on all sorts of international issues or whether it was a critical moments when the negotiations looked like falling down that you realize that you've got two MIT PhDs in nuclear physics in the form of Salehi and Ernest Moniz on the US side who ensured that the detail of this thing was done.

And who actually were very instrumental in persuading the politicians on Capitol Hill who tried to torpedo the deal or some of them tried to talk torpedo the deal that this was a good thing in its own right, not just because it was something the administration wanted.

So I think the nature of it, the fact that it finally was put together despite the clock having to be stopped at the end, despite a lot of lobbying from a lot of people in the region against the deal, didn't like the interim deal, didn't like comprehensive deal. The JCPOA came into existence as a landmark achievement, I would say, of the Obama administration, an indication of his approach to international relations and of how US diplomacy can be used in pursuit of credible achievable objectives.

What does it all mean? I think two points, I would say, one is implementation is going to be key. We've got passed various milestones so far. The Iranians,

generally speaking, have done what they're supposed to have done in terms of not exporting centrifuges and so on. The Chinese and the Iranians have got involved in pouring concrete into the heavy water reactor at Iraq to close off the plutonium route, in which the uranium was being exported to Russia. You know all these things, which are part of the deal have come in -- have come to pass.

And I think that's going better than many people would have expected. There have been a few bumps in the road, the testing the ballistic missile. We would rather not have had that, but that was almost certainly not done certainly with the will, I don't know about, with the authority of political leaders. But it's an indication of the way in which Iran is fragmented about this issue.

And fragmented on a broader question of whether Iran should be heading towards normalization of its relations with the United States and the rest of the world or whether it doesn't want to do that at all and simply wants to confine the deal that it struck to the nuclear issue and getting sanctions relief, which was of course the key thing that they wanted.

So that's my second part of implementation, which is are we, on the West, doing what we are supposed to do to give the Iranians what they are entitled to in terms of sanctions relief. This, I think, is a very complicated issue. It's complicated for a number of issues. Partly because the sanctions put in place was very effective and so complex and were instrumental in getting the negotiation started; and I think probably achieved, though they had not been instrumental in stopping the Iranian nuclear program themselves that they're going to be quite difficult to unscramble.

And the second part of it is that of course the United States government has got its own unilateral sanctions applied to Iran for human rights abuses in support of terrorism and so on, which are still intact. So even though the United States Treasury team, whose job is to implement the suspension of the multilateral sanctions on Iran beavering away and doing that to the best of their ability. They are legally required to apply

unilateral US sanctions and to ensure that those continue to be applied.

And that is complicated, because a lot of international banks and other firms, which wish to start, taking advantage of the opening up of the Iranian economy sanctions and lift and so on are a bit scared, because of the risk of falling foul of the unilateral US sanctions. Because most international firms certainly in the banking sector, financial services sector are active in America and active in US dollars. And they won't go back into the water unless they feel that it is safe to do so.

Many international banks have fallen afoul of different US regulators, some of them US kind of government Department Of Justice, and so on but some of them State regulators extracting large fines for penalties to do with transgressing sanctions regulations in terms of dealing with Iran or Cuba or Burma or somebody else. The U-turn arrangements, which allowed financing of business with Iran in dollars were stopped and reversed, and some people didn't adjust as rapidly as they should have done to the change of those rules in 2007 or '08 or whenever it was.

And so a lot of people got hit with very big fines and they don't want to go down that route again and so there is a nervousness, which I think is affecting the chances of getting on with business as rapidly as the people who believe in this agreement in Iran would like to see.

There is also evidence that the freeing of the frozen oil revenues is not proceeding as rapidly as the Iranian government would have liked. I don't know what the number is. When we were all talking about why this deal should be allowed to go forward and some of us on Capitol Hill saying why it was the least bad of the options to stop the Iranian nuclear weapons program, the opponents were saying, ah, but it \$150 billion out there which is going to go straight into the pockets of the terrorists and the IRGC in Iran, but it was never \$150 billion.

That number was an exaggeration. But I understand that probably was around \$100 billion of which maybe \$20 billion is pretty bad debt, maybe \$30 billion is in debt for all those people. But there is a good \$50 billion or \$60 billion, which is Iranian by right, but very little of which has so far been freed up for the needs of infrastructure investment, recapitalization of Iranian banks and other spending. And some of which no doubt will be creamed off by the Revolutionary Guard for their own nefarious purposes. But that is moving more slowly than the Iranians would like is what I'm hearing.

And I think it's going to be important if we're going to ensure that those who believe in this deal wanted to be implemented and many of whom also believe in Iran taking its place in the family of nations in future should be able to point to some achievements on their side in exchange for the fact that Iran appears to be doing what it's supposed to have done on the nuclear side. So I think implementation of this deal is going to be a little complicated.

And then my last point back to the question of what does it all mean, I think, you're right. Sorry to say, it is too early to say. It seems to me a certain amount of distance, but I also am in touch with a number of people who were part of the negotiation and the continuing discussions with the Iranians that there were definitely people in Tehran, who want this agreement to be part of the beginning of a broader process of normalization. Equally, there were definitely some people on the hard line side who do not want that to happen at all.

Seems to me also that the overwhelming majority of the young Iranian, educated, entrepreneurial population who have always struck me as being much more interested in getting green cards and making billions of dollars than in doing a suicidal Jihadi terrorist activity, you don't find many Iranians driving airplanes into the World Trade Center or committing many other suicide activities. These people would love to see the opportunity to start doing business again other than on the black market and through Dubai and all the other kind of nefarious ways in which

they've done business at very high price. Because of the prices you have to play -- pay when the economy is under those constraints.

But there are dark forces at work, I think, who don't want that to work. They certainly want sanctions lift, because I think it is the comprehensive effect of US and European sanctions and the low oil price that have got us to this point, that have got us to do the agreement. And that affects hardliners as well as the more open part of Iranian society and the Iranian economy. But they don't really want to pay much of a price beyond accepting the implementation of a nuclear deal. And they don't really want to be responsible for what the rest of us want to see, which is Iranian behaving better in the region in terms of getting less involved in destabilization, less involved in proxy wars, less involved in financing and arming terrorist groups around the region, which is unfortunately continuing.

And so I think there is a battle for the soul of the Revolution to some extent, and there is a battle about Iran's role in the region, and there is a battle about the broader issue of normalization of relationship with United States and other Western countries.

Quite separate from the issue that the rest of us who have been responsible for getting this deal done have got to address in terms of the anxiety amongst our Sunni friends in the region who fear that Iran is now going to come out of the doghouse and become a more regional force, more significant in terms of throwing Shia weight around, more significant in terms of actions that they might be undertaking in support of Shia minorities in other countries and are fearful that somehow the Western countries, United States in particular has given up on the traditional Sunni Arab allies and has decided to back the Shia against the Sunni.

That's not at all the way I see US policy, but that is an issue which is out there in the region, which I imagine probably came up during the President's trip to Saudi Arabia and contacts with the GCC countries earlier this week. So that is out there as well, the regional

issue which people have got to address, I think, with some sensitivity. So all sorts of different elements to this thing, which are relevant to the implementation of it and what it really means in the future.

MS. HAYNES: It's interesting what you say about the length of time it's going to take for the impact for the sanctions to be lifted and for the people to be confident enough to be able to do business again. And obviously that's a key -- a key part for the people who are doubters inside Iran to not scupper the plan before it really had the chance -- the deal -- for the chance to bear fruit. And Peter, how long do you think it will take until you are going to see what the Iranians want to see in terms of the benefits of this deal?

MR. WESTMACOTT: And I -- I think it's hard to predict. There is some change taking place. You're seeing lots of trade missions going from European capitals. You're seeing a little greater reluctance from US companies, because US companies are of course still bound by US sanctions law as indeed are the international firms that I mentioned just now.

There is good work being done in implementing sanctions lift, but it has to be done separately from the legal requirement on the Treasury and OFAC to continue to apply -- sanction -- US sanctions law. I hope that we will see the freeing up at least of the oil revenues more rapidly in the months to come. There is no very good reason why that shouldn't happen except fear on the part of -- some of the international banks who are holding those Iranian oil reserves and I hope that could be unscrambled. I know that is the US administration's wish. There have been a number of public statements from senior US officials saying that, "We, ourselves have to ensure that we are implementing the spirit and the letter of this agreement as well as the Iranians."

But it will take a little bit of time. There are moves in the US Congress to try to reintroduce additional sanctions, legislation against Iran, and some of the Iranian activity in Yemen and elsewhere in sending weapons supplies to Hezbollah and so on tend to fuel those

moves on Capitol Hill to try to keep Iran in a box, rather than to allow Iran to become a more prosperous country and a bit liberated from sanctions.

So I think this is this is going to take a bit of time. But the Iranians can do a certain amount to help themselves, but there are obligations on the rest of us also to ensure that sanctions lift work. I can't give you a timetable, but it seems to me that there are more experts in this room than I am that it is it is not moving as rapidly as many in the business community would like, despite the large number of trade delegations that are traveling to Tehran.

MS. HAYNES: Yes, Sara, can you talk -- obviously, the deal -- implementation began at the beginning of this year, can you talk about what has happened inside Iran as a result? What's the effect been -- we've obviously had elections and we've seen an influx of moderate and peace to the parliament. Is that an indication that there is fundamental change, potentially will be taking place in the future or is it more of the same?

MS. BAZOUBANDI: I think what President Rouhani's administration managed to achieve through the deal was -- first of all, in order to start the negotiation and get the green light from the Supreme Leader was to convince him that the only way forward for Iran is to go back to negotiation. So that was quite a big achievement. And perhaps that was achieved even before the election of Rouhani.

Perhaps this was one of the reasons that as Peter mentioned half-heartedly the Supreme Leader allowed the election of Rouhani with a 51% only of votes -- of the votes rather than the actual figure that he probably would have won. In light of the very sad experience of 2009 election crisis, The Supreme Leader had -- was convinced that they managed to Rouhani's team and you know, people -- like-minded people like Rouhani managed to convince him that the similar approached in 2009 is not going to take us anywhere. So we -- you need to have a -- you need to have a revised strategy in terms of allowing more moderate

elements within the political elites to go to the frontline and resolve some of that international crises.

That sent a very strong signal to the establishment to the hardliners and to the people. The signal to the overall establishment was that, we are not short of people who are capable to resolve international crises and yet they are fairly committed to the values of the establishment.

So they are not "outsiders" they are from within the elite, they are very much dedicated to pursue the experience of the establishment. Yet they know how to resolve crisis, people like Sharif and his team and -- managed to establish themselves as this capable bunch of Iranian diplomats that they are loyal to the system yet understand the language and attitude of the international community and can achieve certain goals for the Iranian government.

The message to the hardliners was that -- especially in the last of the recent election, in which for example in the Assembly of Experts two very hardliner members of clergy were outvoted in the Tehran constituency -- that's something that nobody would have imagined would have happened until a few months before the election and quite frankly nobody inside Iran until this round of elections really cared about Assembly of Experts.

We all have always were almost convinced that the Assembly of Expert is -- the election of Assembly of Expert just a show, they are all selected by the Supreme Leader himself and our vote really doesn't count that's why nobody really bothered to participate. So it was for the first time that young Iranian, those middle-class, educated who are keen on being a part of international community saw this as a way to pursue their own vision in order to change certain elements of the political establishment through that election.

And for the hardliners as well it was a signal, it was a message that in order for them to survive they need to be cooperative with the more moderate elements of

the establishment and with moderate section faction of the population simply because if they want to survive they cannot continue the more hard line, the harsh language and strategy and attitude in the international community because that's not going to take them anywhere, they are going to lose more than they're going to gain basically.

MS. HAYNES: I guess then Iran is not the only place with hardliners. Peter what do you think would be the impact on the sort of -- the early shoots that we have got of hope between relations of between Iran and the West of a Trump victory in the presidential elections?

MR. WESTMACOTT: I think it's fair to say that both the leading candidates on the Republican side seeking the nomination both Senator Cruz and Donald Trump have been extremely critical of the Iran deal either because it was a lousy deal and real dealmakers would have done a better job or because it's a terrible thing to have come to any sort of agreement with Iran, and you just got to crush the bad guys under your heel and close off all their nuclear activities and so on. So both would like to tear up, renegotiate or whatever the deal in a manner that some of us would regard as unrealistic.

I think it's -- who knows who is going to be the next president of the United States, you know I am not going to comment on that but I think as of now such evidence as there is does suggest that either of those Republican candidates and who knows it might be a third party Republican candidate who pops up between now and the convention but that seems less and less likely, I think there will be some difficulties with either of those two winning the general election in November.

That is not the case if we end up with President Hillary Clinton. I think the only point I would make is that I don't think it'll be important for the rest of the P 5 + 1, the other governments who negotiated this deal to ensure that whoever wins the election understand that this is not just a bilateral US Iranian deal, this is a deal with the rest of us put our names too and help negotiate

and so did the EU External Action Service with Commissioner Mogherini as part of it. So this is an international agreement which has been enshrined in international law by 15-0 vote at the United Nations Security Council giving its support to it.

So it cannot and should not be likely set aside and not least for the pragmatic reason that I personally - - and I am not alone in this -- do not believe there is a better deal out there to be negotiated. So you are right to say that this would be a little complicated in the event that either President Trump or President Cruz turned out to be president of the United States but I like to think that commonsense and pragmatism would prevail.

MS. HAYNES: Fifteen minutes left. Thought open up to any questions from the floor. If you like say your name before hand. Anybody? If not I'll keep asking questions, but we would love to hear you.

MR. WESTMACOTT: Here is one.

MS. HAYNES: The gentleman here.

SPEAKER: Peter, thank you very much for the detail that you've already given on the question of additional sanctions and unraveling sanctions. And this obviously is a key and for some people slightly unexpected problem in terms of getting implementation through.

And certainly in my experience yes, you can go to meetings and everybody talks enthusiastically about the opportunities in whatever sector it might be, finance or energy or whatever. But then before you, your lawyers descend on the room and it becomes very difficult. And that is the European companies as well as US companies as you indicated.

On the question additional US sanctions and the non-nuclear sanctions; I mean, you didn't really go into any detail on that. I can't quite see, it's hard to see how they can be taken back, indeed maybe they will be strengthened in some way. But how big a long-term complication for the objectives that you have are those

non-nuclear sanctions going to be?

MR. WESTMACOTT: I think it's always been clear that this deal was about Iran's nuclear program. And the sanctions lift was always going to be about the multilateral sanctions, the European ones and the United Nations ones. And the United States government was always clear that its own unilateral sanctions which were not related to nuclear issues would have to remain in place until such time as Congress decides otherwise.

I think that in itself is already complicated. As I was saying not least for American companies but also for European companies with major assets and major activities in the United States which they don't want to either jeopardize or find that they are falling foul of US regulations applying, continuing US sanctions law.

My own suspicion is that as European firms -- and there are some who are less worried about these issues than others. As European firms and banks begin to pickup more business in Iran, I think there will be a certain amount of pressure to moderate US sanctions from US companies who feel that they are losing out that Iran ought to be -- that Iran American companies should be getting some business.

I mean that may not be black and white either. I mean for example Boeing have now got clearance to start sending airplanes to Iran Air whereas Airbus have not yet got clearance because the number of the components which they have for their airplanes, even though Aerospace is one of those sectors which is exempt from sanctions both US and multi-lateral, they still got this issues over IATA compliance, for the -- some of the components which they need in order to build the airplane.

So it's slightly bizarre that Boeing seems to be ahead of Airbus but according to what I have been reading in open source material on that issue.

So it's not quite as clear cut. But it's easier for the Europeans than it is for American companies to get on with it. But in general, I think it will be like that

and in general I suspect that US industry is likely to say, well what about us? We've done all the heavy lifting, this was the fruit of two or three years of very hard, very effective, bilateral secret US-Iranian diplomacy. There should be some rewards for US business in a market where we used to be extremely strong and can't we change.

The problem of that is of course that it will require a better Iranian behavior on these issues if sanction are to be changed at the unilateral level; on support for terrorism, on human rights, and on ballistic missile issues. So I think much of that will be in the Iranian hands.

Meanwhile, we've got a number of initiatives out there on Capitol Hill even as we speak, which suggest imposing additional bilateral US sanctions on Iran right away. Some of the suggestions are conditional if Iranian behavior doesn't improve. Some of it is directly in response to missile testing or continuing Iranian support for proxy wars and groups of undesirables in different parts of the region. The administration is not keen on additional sanctions being put in place straightaway without any linkage to future Iranian behavior, for understandable reasons because they feel that that would be taken -- and the Iranian government has made this pretty clear -- as an indication of bad faith by the Iranian side.

So I think additional sanctions would make things more difficult. Unless they are directly related to egregious Iranian behavior which nobody could contest. And which even Iranians would have to understand, because it's all been made very clear to them that that's the sort of behavior up with which the United States Congress, the United States government cannot put.

So it's a bit of both. I think Iranian's know what they got to do. There are certainly things that happen in Iran that are done by certain players in Iran, which are absolutely not what people like (inaudible) and even President Ruhani even would wish to happen. That is the way that country operates, that is the way a lot of

countries operate. There are different fractions and power bases.

But equally I think there is a responsibility on United States Congress to bear in mind that the credibility of the deal is at stick if additional legislation, which was deemed to be contrary to the spirit of that deal was implemented.

MS. HAYNES: And there, the lady over there? And then the gentleman here.

SPEAKER: Thank you Peter for that very comprehensive analysis. My question is rather simple. We know that because of different layers of factors the GCC was obviously not ecstatic about this deal coming through. And there is obviously the leadership of the Muslim Ummah, sectarian issues and the proxy wars that they have been fighting against each other for many, many years.

So historically speaking, how much of an influence if any was that on this coming through. And going into the future, do you think this is something which is likely to come in the way of seeing this successfully go through and for Iran to become a full partner within the global arena?

MS. HAYNES: Peter?

MR. WESTMACOTT: Just say -- sorry, I mean -- just say once more again the point about the reaction of the GCC and what it means for Iran and the region. I didn't quite get the question.

SPEAKER: That the GCC obviously has not been ecstatic about this coming through, right?

MR. WESTMACOTT: Yeah.

SPEAKER: So I'm just asking from your vantage point, what was -- how much of an influence or historically when this deal was coming through how big a factor it was for me to be able to basically see as to what is -- historically has been the role -- and going

forward, is that likely to be something which is going to be keep this deal from seeing it's you know logical conclusion?

MR. WESTMACOTT: Yeah. I mean the last point, I hope not. Because I think there were good reasons to go down this route. Some people who are analyzing the results of this nuclear deal would say this is an example not just of President Obama's administration stopping wars but actually avoiding another war.

In another words that if there hadn't been a diplomatic deal we might even have seen military action which was always of course on the table as an option should diplomacy have failed. So I think it was a very important development. I also think -- I didn't mention this before -- but I think it is also the key to avoiding a regional arms race in terms of weapons of mass destruction, which we could have seen had this deal not worked and Iran being allowed carte blanche, if you like, to continue with its own military program.

So I think for the region, it is an important development. I think for the region it is a means of avoiding a nuclear arms race around what's going on there.

The GCC countries, as you will rightly put it, not particularly enthusiastic. Some of them rather worse from that. They are nervous about what's going on and of course they are nervous to the point that some of them say to us, "Well, yes of course we'll help you in Iraq and dealing with Daesh and helping to stabilize Iraq, as long as you guarantee that the Iranians won't have anything to do with it because we can't bear the prospect of any further extension of Iranian influence outside the borders of Iran. They were already messing about in Bahrain and eastern side of Arabia and dealing with Shia minorities in different parts of the world. Guarantee us the Iranians will have nothing to do with it and then we'll see whether we can come and support your coalition against that."

This is not entirely realistic. As we all know, some of the Shia militias in Iraq have been quite effective in pushing back against Daesh. And some of the

Kurdish groups whom the United States and others have been working with have been supported by Iran. Because there is the common enemy there, these ISIL guys these Daesh people dislike anything to do with Shia Islam as much as they dislike any other Sunni Muslim who doesn't think like they do or a Christian or a Jew or anybody else who's throat they decide to cut for the fun of it. So there are common interests there. And I think that our friends in the Sunni world have to grasp there are reasons why we should try to engage together.

All that said there is anxiety and the Iranians do not help the cause by some of the things that they are doing in the region, which is deemed by their neighbors to be destabilizing. And they are concerned and they have been concerned ever since the invasion of Iraq in 2003 actually got rid of a Sunni tyrant and replaced it with what we see today of what is going on inside Iraq and of course Syrian developments even the same thing.

So is there some way in the longer term in which under US leadership or more generally, we can engage with GCC states in some sort of regional stability process, maybe with Iran too. There was quite an interesting piece that Salami Cahill Zelda wrote the other day suggesting that we could take the model of ASEAN as a kind of regional non-interference pact where by people don't muck about in other people's countries, respect the rights of minorities, establish agreement on the rule of law and da dee da. A number of different elements which would calm tensions and perhaps reduce fears.

I don't know what the right move forward is. But I do agree with what I think was your underlying premise, which is of the anxiety of the GCC countries about what this means and letting Iran out of the doghouse if you like could mean for regional security. This is an issue that needs to be addressed. Iran is part of a solution. The local countries are part of it too. They need to understand that really hard line responses to the Iranian government tends to promote hard line responses inside Iran and undermines the position of the relative moderates who would like to behave in a more tolerant and inclusive way towards the region and would like indeed to

see Iran opening up to the rest of the world in my judgment in a way which will be good for the many of the people of Iran.

So we've all got a stake in this. But the regional security issue is a concern and the Sunni-Shia tension is a worry. And I do think this needs to be a priority for our regional diplomacy collectively.

MS. HAYNES: I think we have time for one last question. Please go ahead.

SPEAKER: Good to see you again. I want to ask -- it will sound like a very strange question. And that is are we watching the left hand instead of the right hand in this deal? So we know a few things. We know that Russia has been helping Iran with missile technology. We know that Iran has quietly shifted missile technology to North Korea (inaudible).

We know that the North Koreans have been faster at developing militarized weapons and missile technologies than we might have guessed. We know that we've got nowhere with China offering to help try to control this nuclear development in North Korea. We know that the North Korean scientists, nuclear scientists who are working in Iran.

So what I'm trying to ask is, clearly there is an axis here of Russia-Iran-China-North Korea. And while we're negotiating this wonderful deal, is it possible that this is a show game and that there is an agreement that we haven't seen, which allows the North Koreans to test and develop weapons which they are doing as fast as they can, and which allows the Russians to share technology for missiles with Iran and Iran to share that technology with North Korea. And all of which leads to a conclusion we don't to have without them violating the strict rules of this agreement.

MR. WESTMACOTT: Well it's a quite complicated theory. I would make a couple of comments. One, the Russians in the end game were very instrumental in getting this deal struck. Now you might say to me, of course they

were because it's all phony and it's a show and it's a mirage. But they were instrumental in getting it done. They have been instrumental, of course, in getting rid of the enriched uranium which just had to be exported from Iran and it's gone to Russia. So they are part of the implementation of that.

The Iranians, the Russians are worried about the militant Islam more probably about Sunni jihadism because of problems they got in the Caucasus. But they did not want to see a proliferation of nuclear weapons in the region, we believe that. It's not in Russia's interest for that to happen. So I think to that extent, the Russians were genuine players and constructive players in this negotiation even if there were moments of tension between all of them at different times in Vienna and in Geneva.

The North Korea thing, I don't believe anybody has an interest in the North Koreans except Kim Jong Un and his cronies in that program continuing. The Chinese are increasingly rattled by it. It doesn't serve Russia's interests, I don't think, because you never know who this guy is going to point his missiles at. The people who understand North Korea better than me say that you could actually do deals with the father but you can't actually do deals with the unpredictable son. And now the nuclear weapons program of Korea is even more wrapped up in the survival of the regime I am told than it was with the father.

So it is more difficult. In Iran it's not wrapped up with the survival of region. The survival of the region is very important for the theocracy. But it's not essentially about the nuclear weapons program. We've compartmentalized that and the regime is continuing. And we're doing business with it. In North Korea I think that is much more difficult. And yet, paradoxically, North Korea is the one that creates normalization with the rest of the world and thought it was getting a bit of that in an earlier stage of negotiation on its light water reactor.

Whereas Iran, or the hardliners anyway, don't

crave normalization, they specifically want to keep the nuclear deal separately and keep the rest of their relationship with the rest of the world in a sort of rather limited capacity. Because they fear the erosion of the regime with authority if there is too much opening up to the rest of the world.

So there are some quite important differences between the attitudes there. But I think my main point is to say that it doesn't seem to me that it's in China's or Iran's or Russia's interest to see the nuclearization of North Korea continuing. I think everybody actually, and look at the last Security Council resolution and look at the language which China and the Russia went along with it. It was the toughest language we ever seen of condemnation of nuclear weapons testing in North Korea.

So I think I hope your conspiracy theory is wrong. I think we are all agreed that we're trying to deal with it. The slight problem is that we haven't actually got a plan that's working to stop the North Koreans developing those nuclear weapons.

SPEAKER: (Inaudible).

MS. HAYNES: Sorry, I've been told we have to wrap things up, sorry. Thank you very much for combating that rather alarming conspiracy alternative theory. And I think people would like for me to thank our two panelists there and really interesting contribution to this still as yet unresolved question of whether the deal was a good or bad thing.

Although I think anyone will find it hard to argue with the fact that 5 years ago all everyone was talking about was whether -- when or if Israel was going to be launching some kind of preemptive strike against Iran. At least now diplomacy is being given a genuine chance. So thank you ever so much.

(Applause)

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