

THE CHAIRMAN'S SERIES

# THE US & IRAN: ON A COLLISION COURSE?



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# Conference Statement

Tensions in the Persian Gulf have been rising since the Trump administration withdrew from the Joint Comprehensive Plan of Action (JCPOA) and re-imposed unilateral sanctions on Iran.

In response, the Islamic Republic has turned to a campaign of “maximum resistance” to counter the United States’ approach of “maximum pressure”. Since then, the shooting down of drones on both sides and Iran’s seizure of foreign tankers in the Strait of Hormuz have raised fears of armed conflict or an all-out war breaking out in the region.

Former diplomats and experts from both sides came together at this conference held on 13 August 2019 at Orchard Hotel to discuss the issue. Topics covered included the roots and aims of American policy on Iran, the possible consequences of the US’ “maximum pressure” strategy, and the response from the Islamic Republic. In addition, policymakers and experts examined the impact of a prolonged crisis on Asia’s economies, which have been plagued not only by the US-China trade war, but also other issues such as complications in bilateral issues between Japan and Korea, tensions between India and Pakistan, and a no-deal Brexit, among others.

Speech by Guest of Honour  
**Dr Koh Poh Koon**  
**Senior Minister of State for Trade  
and Industry**



Mr Bilahari Kausikan, Chairman, Middle East Institute;  
Mr Richard Armitage, former US Deputy Secretary of State;  
Dr Kazem Sajjadpour, President, Institute for Political and International  
Studies, and former Ambassador of Iran to the United Nations, Geneva;  
Mr MJ Akbar, former Indian Minister of State for External Affairs;  
Excellencies;  
Distinguished Guests, Ladies and Gentlemen

### Introduction

1. It is a pleasure to be with you today. Let me start by commending Mr Bilahari Kausikan and his team for putting this conference together. The topic of our discussions today is especially timely and salient given recent events in the Strait of Hormuz, which have presented great difficulties for the parties involved. They are also a cause for concern to the international community.
2. The situation we are witnessing in the Strait of Hormuz today did not appear in a vacuum. Relations between Iran and the West have been

difficult, marked by decades of uneasy coexistence and conflict. In particular, the past 40 years have seen a steady decline in US-Iran relations. Tensions have recently ratcheted up while trust between the two nations has eroded, especially with the imposition of sanctions. I shall not pretend to be an expert on the historical origins of friction between the US and Iran. Nor shall I pretend to fully understand all the intricacies of the JCPOA. We do not take sides in this complicated relationship or on this complex issue. Instead, I would like to focus on the broader implications of the ongoing tensions and some of the fundamental principles at stake.

### Developments in the Strait of Hormuz

3. Singapore, like many others, is deeply concerned about the escalating tensions in the Strait of Hormuz. The strait is flanked by the biggest oil producers in the Middle East and remains one of the busiest and most important waterways in the global oil trade. It is a vital global oil choke point through which a fifth of global oil transits, or an estimated 21 million barrels of oil per day in 2018.
4. Even without outright conflict, prolonged tensions and instability in the Hormuz strait will have a detrimental impact on the global oil supply and global economy. The likely upward pressure on oil prices will compound an already weakening global economy. The IMF had previously estimated that a 20 per cent increase in oil prices could lead to a 0.5 to 1.5 per cent decline in global GDP. Amidst the ongoing trade tensions, global economic growth is forecast at a mere 3.2 per cent this year. This marks the slowest global growth rate since the 2008 financial crisis. Growth in trade volume has also declined to about 0.5 per cent year-on-year in the first quarter of 2019 alone, after having dropped below 2 per cent in the fourth quarter of 2018.
5. Moreover, any actual disruption to oil transiting through the Hormuz strait would hit Asia the hardest. 76 per cent of crude oil and condensates which pass through the strait are bound for Asian markets, including China, India, Japan and South Korea.
6. As continued tit-for-tat moves will only serve to increase the risk of miscalculation and conflagration, it is in the interest of all parties to avoid escalating tensions or precipitating confrontations in such a vital global oil choke point.

## Maintaining Peace and Security

7. For Singapore, the issue at hand is not just about the Hormuz strait, but what it portends for other international waterways and international order generally.
8. Singapore has a strong interest in ensuring that sea lines of communication remain open, free and secure for peaceful and unhindered travel by commercial vessels. This year, we commemorate the Singapore Bicentennial, marking 200 years since the British East India Company established a free port in Singapore, a significant turning point in our history. Since then, trade has been the lifeblood of our economy, and remains so to this day, where merchandise trade is consistently at two to three times of our GDP.
9. The fact is our standing today as a vibrant and thriving global maritime hub would not have been possible without continued access to secure and open trade routes along our sea lines of communication, namely the Strait of Malacca and the South China Sea. Freedom of navigation is therefore of fundamental interest to us, and indeed, the world economy. All of us should therefore seek to avoid a world where conflicts between littoral states and external powers threaten international sea lines of communication to impede global trade and jeopardise our livelihood.
10. Let me now offer some thoughts on how we see the way forward.
11. First, the overriding priority must be to de-escalate the situation and defuse tensions. We urge all parties to exercise restraint and avoid further unilateral actions that may serve to undermine the freedom and security of commercial vessels passing through the Hormuz strait. At the same time, vessels should also ensure that they comply fully with navigational rules meant to ensure the safety of all users. Second, we encourage parties to return to the negotiating table. Diplomacy and dialogue are key to reinstating stability, as opposed to force or even the threat of force. Any long-term solution must be rules-based and take into account the interests of all relevant parties. Such a process, however, takes considerable effort and perseverance, and compromise and giving weight to the core interests of other parties is never an easy task. Nonetheless, a conducive and friendly international environment is ultimately beneficial for all parties in the long term.

12. The fundamental principle that international agreements, once signed, should be honoured, is a key interest to small states like Singapore. This principle is the foundation of certainty and stability in the international order.
13. From this perspective, the JCPOA, although certainly not perfect, and did not erase the mistrust between Iran and the US, or resolve longstanding issues, nevertheless helped manage differences and de-escalate tensions. It was a delicately balanced accord which bridged the interests of all parties and, in the long-run, may have served to build confidence between the parties directly involved. For these reasons, the JCPOA was welcomed by many in the international community, including Singapore.
14. Singapore is not situated along the Strait of Hormuz, nor are we party to the JCPOA. But we hope that all parties will act with pragmatism to resolve tensions amicably. A peaceful and stable Strait of Hormuz which remains conducive for trade is ultimately in everyone's interest. Singapore will continue to monitor developments very closely, and will be pragmatic in taking the necessary measures to safeguard our interests. It is our hope that the US and Iran, along with other members of the international community, can continue to work towards a solution founded in rules.

## Conclusion

15. This conference has brought together many distinguished experts and former policymakers in the international arena. Almost all the parties directly involved are represented. Although their views may not represent those of governments, I am hopeful that the discussions today will be balanced, insightful and at least offer us a glimpse of the way forward.
16. The world we live in today is extremely unpredictable, and countries should work together to maximise our chances of acting in wisdom, and opt for openness, peace and cooperation, so as to preserve and expand progress which we have made together.
17. Thank you.

## First Keynote Speech

# **The Hon Richard L Armitage,** **Former US Deputy Secretary** **of State**



As we celebrate the Feast of the Sacrifice, I'm going to start with something that may surprise you, or certainly surprise Dr Kazem Sajjadpour.

“Up from the centre of the Earth, I rose through the Seventh Gate,  
and on the throne of Saturn sate,  
and along the road unravelled many a knot,  
But not the Master Knot of human fate.”

Well, Omar Khayyam was, of course, talking about the human condition, the human fate. But you could apply that to some extent to US-Iranian relations. We've been unable to untie the knot of US-Iranian relations since 1953, when the British and the US tried to change their situation with the overthrow of Mosaddegh.

I had the honour of living in Iran for a year after the Vietnam War. I was the naval and special forces adviser. Travelled throughout the country at quite a time. And, you know, I found Iranian people to be enormously generous, kind, courteous, educated.

But there was something that was bothering me, and it took me some time to realise what it was. I was in Iran in 1976, and went to the celebration of Persepolis. It was a sound and light show – I'd never seen one, so I was quite taken with it – and I finally realised what was clicking in the back of my mind about our Persian friends. As I stood there, just in awe of this sound and light show, I was thinking of 2,500 years ago, and Cyrus and Darius and all that, and what was the magnificence of the empire at that time. I came to the realisation that our Persian friends had that in the *forefront* of their minds: Persepolis was yesterday. It wasn't 2,500 years ago.

So I'm painting a picture, not a bad picture, but a picture of a people who, together as a group, are very ethno-centric and very nationalistic. And I'm not saying that in a critical way, I'm saying it in a practical way. That is the observation I came away with.

Now, before we talk about the JCPOA, the Strait of Hormuz and all of that, let me give you a little background. Let me phrase it: It's Trumpology. Now, we have a president who says that he is a stable genius. He says everyone loves him. He says he's the best deal-maker ever, the best negotiator in the whole world. Well, I wouldn't dare speak to our president's IQ – I have no idea. But the latter three issues are false: He's not a deal-maker, he's a deal-breaker. Whether you look at climate change, whether you look at TPP, whether you look at the JCPOA – the subject of our discussions today – whether you look at Nafta, he's a deal-breaker, not a deal-maker.

Now, why did the US leave the JCPOA? Two reasons. The first reason is because it was negotiated by President Obama, and anything Mr Obama touches, our president cannot stand. That's the first reason, as silly as that may sound to you. The other reason is that, to some extent, we have sub-contracted our Middle East policy to Saudi Arabia. This is a fact. When you talk to the Saudis, as I do quite often in the Middle East, the fact of the matter is that you cannot go an hour without hearing the phrase, "you must cut off the head of the snake", which means you must do something about Iran. It is a constant refrain.

Now I want everyone to calm down a little bit. Notwithstanding the title of the discussion – are the US and Iran on a collision course? – well we, to some extent, as I started off, we've been on a collision course since 1953, but both sides have been able to, in large part, restrain ourselves. We have gotten through very difficult issues, whether it was the 1953 coup, whether it was the 1979 hostage-taking of our diplomats, whether it was the embassy bombings in Beirut, or some terrorism throughout the 1980s, whether it was Operation

Earnest Will in the 1990s, we've gotten through it relatively well without escalating. We've had problems, but people on both sides, the US and Iran, were able to moderate and ameliorate these problems. So I think the first thing we need to do is take a deep breath. Don't get so excited. We're not on the verge of war. Our military commanders, they will say publicly they don't want this. They will do what they have to do. They'll protect our interests. But they don't want this.

Now, caution: You can't view, or you shouldn't view, may I say, the US-Iranian relationship without viewing it in the context of the broader issues in the Middle East. And in very real ways, Iran is involved in many of these issues. I'll go through a few of them. Certainly Iraq, from Baghdad down south, is certainly largely influenced, if not enormously influenced, by Iran. "Baghdad north" is still under discussion. In Yemen, we have a situation where the Houthis are supported by Iran. The United Arab Emirates and Saudi Arabia, backed by the United States, have opposed this. This situation is changing almost daily, as the UAE seems to be somewhat backing a little bit away from the Saudi-led coalition. They also are seen to be backing a little bit away from being as rigorous in their conversations about the need to punish Iran. I think they got a little frightened. Things were going a little too fast for them, so they slowed down a bit.

Saudi Arabia itself is not without its problems as the young crown prince, Mohammed bin Salman, is further and further consolidating his position in the kingdom. And there are some people who don't like it. Notwithstanding the moving ahead with women's rights and things of that nature, which I think is all to the good. But there are some forces in Saudi Arabia which don't like that. There are others that are not happy with the way Mohammed bin Salman came to power. So this does have an effect. This is a large country. This is a country that has, for whatever reason, a lot of influence with the president of the United States. And so it is a factor as we move forward on the question of the JCPOA and Iran.

Syria: In large measure, Iran was involved, along with its Russian friends. But whether it's Syria, whether it's Yemen, whether it's the eastern province of Saudi Arabia, whether it's Lebanon, whether it's Iraq, I think many in Tehran would say they're in the ascendancy, notwithstanding the desperate nature of the populations of Sunni versus Shiite. They are on the, quote, winning side, unquote. There are more Houthis supporting Iran today than there were two years ago. That's a fact. I mentioned Iraq. Lebanon, though it's having very difficult economic times, there's no question that Nasrallah and Hezbollah

are the political leadership, such as it is, in Lebanon. And my personal view is Nasrallah might be the smartest man in the Middle East.

Finally, there's no peace plan, two years into our administration. We'd promised that we'd have a peace plan for the Palestinians and the Israelis. It is still not forthcoming. So when we look at the Strait of Hormuz, let's also make sure we look at the Arabian side of the Gulf and see that there are a lot of difficulties there, some of which contribute to the problem we're having right now with the Gulf.

Now, where are we? Well, clearly, the United States broke the JCPOA. This is very ironic in a way, because President Trump bellows that we want no nuclear bombs. That is the very reason for JCPOA. The JCPOA had the United States do very little – we just had to lift sanctions. Iran had several, or many, difficult things to do to live up to her side of the bargain. We just had to lift sanctions. Now, President Trump and his allies who are against JCPOA, they've been able to sell the tune that the JCPOA, in some strange way, actually advanced nuclear developments in Iran. And this is, of course, not true. It is not the case.

But on the other side of the coin, those who are supportive of the JCPOA – as I am – often start our discussion saying, well, the JCPOA, you know, it's a flawed agreement, but it's better than no agreement, etc., etc. Well, of course, it's flawed. It's an agreement, by definition. And negotiation, by definition, is not getting 100 per cent. Diplomacy is not getting all your goals at the same time, or achieving all your goals at the same time. Diplomacy is about satisfaction, not maximisation.

I think we often forget that. No deal, ever, is perfect. But an imperfect deal is still better than no deal. Just witness the DPRK today. That's all you have to do.

Now, we're in the process right now of calling for a party. We want a party in the Gulf, called a coalition. We originally called this Operation Sentinel, but this has been changed now to something called the "International Maritime Security Construct". I can say it, I just don't know what it means. I think at the end of the day, the United States and a few others, Britain, Korea, will probably be escorting our vessels. But I think other nations will escort their vessels for their own reasons, and not be part of this coalition. Our own secretary of defense said in Asia last week that he understood perfectly why countries in the region don't want to be seen as taking one side or another. And if the secretary of defense of the United States can say that, who am I to gainsay it? I think he was absolutely correct.

The Iranian position is very easy to understand. As I understand it, having gone from time to time and talked to Iranians, their view is that if their oil can't get out of the Strait of Hormuz, then why should people on the other side of the Gulf all be able to get their oil out of the Strait of Hormuz? This makes pretty good sense. This is not to say that from the US point of view, we don't have grievances with Iran – we do. We think that the hostility from the leadership of Iran is unrelenting against us and against Israel. This hostility of the leadership does not help the atmosphere. We worry about the development of conventional arms. We worry about threats to shipping, and possible proliferation. We do worry about the ability of Iranians to exploit fissures in the Arab world, and they do this quite effectively. We still have concerns about terrorism, and we all worry about the mistreatment of American detainees in Iran.

Any and all of these can be worked on individually by clear-minded, clear-thinking people. So where do we go from here? Well, I don't have a crystal ball. Maybe Dr Kazem would inform, maybe your crystal ball is clearer than mine. But I know one thing, we're not going to get any help from the UN Security Council. Look at the line-up. Think about it. UN Security Council: Trump, Putin, Xi, BoJo in Great Britain, and Macron. Just think about it. We're all men and women of the world, we've been around a bit. We've seen all kinds of leadership. We've seen tyrants and we've seen thugs. We've seen enlightened educators. We've seen great politicians. We've seen military officers who lead their countries. Six of our presidents have been generals, for heaven's sake. We're used to all of those things. But there's one thing we've never seen before, and that is a major country, a nuclear country, that is led by a trained career intelligence officer: The Russian Federation. So we're not getting any help from the UN Security Council.

One thing that would help is if the United States would be a little smarter in our language, rather than calling out the nation of Iran. It's troublesome. If you have a problem with an individual, name the individual. If you don't like the leadership, name it; if it's Mr Rouhani, name him. But don't blame the whole nation. You know, in the United States, and this will come as a surprise to you, we have an estimated four to five million citizens of Iranian descent. You can't cross the street in Los Angeles without running into an Iranian-American. And we're richly benefitting from that.

The next thing that I think the United States needs to do, and all of us need to do, is realise that a flawed JCPOA is certainly better than the worst case right now. For the last several weeks, we have been knocking each other's drones down. There has been relative quiet. I think it's a time for reflection, a time to

try to figure out what's next. You should never embark upon a path, in my view, without having Plan B already in mind. If you don't know where you want to go, all roads lead there! And that seems to be the position the United States is in with the JCPOA.

So what's the end game? No one's thought it through. There are some who say they want the end of the Iranian regime, like Mr Bolton and others. There are others, like our president, that is not his aim. In fact, I actually have been pretty critical of him, I am very critical of our president. But I do not think he wants to commit military force. I do not think he wants another war in the Middle East. I think he is leaning over backwards not to have it, but he's gone down a path of certain ways and doesn't know how to back away from it.

We need to be very careful about secondary sanctions. It occurred to me we have the UN Security Council Resolution 2231, which is signed by the Perm Five, the United States, Iran, Germany and the EU. This is what governed our activities in the JCPOA. If we were to apply secondary sanctions on someone who doesn't follow our lead, we would be in the ironic position of sanctioning a country for following a UN Security Council resolution. So if we're going to do that, we need to think about it, and what the secondary, third and fourth implications of such an action are.

I admit to you I haven't thought it all through, but I just know they're there and we need to think about it. We need to encourage the EU, and particularly Japan, to continue their negotiations. Mr Abe of Japan went one time to Tehran. I'm extraordinarily grateful to him. I was asked by the Japanese press, was this trip a failure? In my view, no, it was not. It's never a failure. First of all, you're looking for a solution to a problem. But second of all, who's to say that it wasn't Mr Abe's diplomacy and his discussions with the Iranian leadership that didn't lead the Iranians to take what are actually small steps as they break out of the JCPOA? These are small and reversible steps, easily reversible. So I very much salute that diplomacy. I look forward to more of it.

I think we need to very much look for an opportunity to rebrand. Now, why would I say this? Our president has a strange type of braggadocio. This is where he takes an issue, makes some small and minor change to it, and then claims it's far, far better than whatever came before. This is exactly what President Trump has done with Nafta. We had the smallest tweak to Nafta and oh, "it's much better, much better than what Mr Clinton negotiated". Well, it's not hardly any difference, to the naked eye, there is no difference.

So I think all of us have a responsibility here. Whether you're Singaporean, US, Iranian, we all have an opportunity to make sure that we seize opportunities to make sure that this whole situation ends not with a bang, but rather with a whimper. And I think we can do that if we all slow down and take deep breaths.

*[This is an edited transcript of the speech]*

Second Keynote Speech  
**Prof Seyed Mohammad  
Kazem Sajjadpour**  
**Iranian Deputy Minister of  
Foreign Affairs and President  
of the Institute for Political and  
International Studies**



Where are we headed? This is the question. I think answering this question requires a much deeper level than what I call fast food analysis – going beyond the headlines and seeing how we can understand the dynamism of the situation. Being a professor, I like conceptual frameworks, and I have developed a conceptual framework – Triple A. I will talk about the Analytical frame first, Attitudes second, and third Actors. At the end, I have my prescription.

This situation needs a much deeper level of understanding. The Iranian-US relationship cannot be understood just by President Trump, or what's going on in the Persian Gulf today. At least three baskets, or concepts, are needed. The first is the structural basket.

Past matters. This is number one. Number two is place – you’re talking about the Middle East, West Asia, a geopolitical landscape of so much significance. And third is, of course, power. Iran is a genuine regional power, there is no doubt about it.

The structural basket is important in understanding the dynamism of the Iranian-US relationship. The past cannot be deleted. The second basket is more of human agency nature – that is, personalities matter, number one. Second, people. This relationship is also about people. When sanctions are put on ordinary Iranians, they are punished – for what? Because they have been abiding to the JCPOA, or are there other issues which relate to the people? Number three in the second basket is perception. This relationship is about perception. And I think perception is very important, it is at the centre of this whole picture. The third basket is where the structure and human nature really merge, and that is, number one, the polity. The second is politics. The US-Iran relationship is a matter of domestic politics in the United States, it’s not just a matter of international relations. It is a matter of regional politics. It is not just about the foreign policy of one country. And finally, it is about policies. US policy during the last 40 years has been mostly hostile to Iran – containment, engagement and, finally, regime change.

So when I put all these baskets together, the core of this analytical picture is the president of the United States, Trump and his team: the Bolton, Pompeo, and the different gangs who are helping them. And the players in the region are significant too, they are more important in this picture, and they have to be taken more seriously. The push factor and pull factor among them is very important. But I think at the core of the president and the team, what is important is the attitude.

This is where I come to my second frame, the attitudinal frame. I think attitudes matter, assumptions matter. How you start matters to the others. What we have is obviously maximum pressure. For what? Maximum pressure to bring Iran to the table. But Iran was already at the table, because it signed the JCPOA.

I want to discuss this issue from different angles. I think more important, the attitude that made Trump withdraw from the JCPOA may relate to the issue of race. There is a racial dimension. Why? Because Obama signed it. And Obama was not the same colour. We know race matters today. We don’t believe in racism, but some do, and in that case, Iran, or the JCPOA, is a victim of racial attitudes, domestic politics in the United States – “somebody else signed this,

and I have to change it". Maximum pressure is also based on a mechanical understanding of reality. I think it comes mostly from physics. In physics, when you add pressure, you can predict what will happen. But when you talk about human societies itself, there are differences. Look at the American invasion of Iraq. It was supposed to bring democracy to the region. Now they complain that Iranian influence in the region has been augmented because of the American invasion. Whether this is true is another matter. But we have the law of unintended consequences. Maximum pressure has not changed the Iranian position because the attitude that this policy is based upon is erroneous.

I think that another problematic attitude is overestimating yourself and underestimating the other side. You think you are omnipotent and the people on the other side are not powerful, or do not have any means. And I think this is also a fallacy in this whole attitude. So if you want to understand the Iranian-US relationship, you have to take into account the attitudes.

Now, let me go to my third frame, that is, actors. I think the US-Iran relationship has so many actors in it, so it is very crowded. But three actors are important. First is the United States. I call it a confused actor. A very confused and contradictory actor. In Tehran, you receive these different pronouncements, messages, framing of the United States. Is the United States for regime change in Iran? It has been their wish, a strategic wish from the beginning of revolution. But is it a matter of machinery, of policy implementation? Or is it for diplomacy, for negotiation? But how you can be for diplomacy and negotiation and a deal, and then you sanction the foreign minister? Everybody is saying Trump is not for war. But what is he for? I have to answer. Taking a picture with an Iranian official. It would satisfy him if he could bring in any Iranian. This is the interesting discussion around why Foreign Minister Zarif was sanctioned. He was asked to come to the White House when he was in New York three weeks ago to have a talk with the president. And he was told, if you don't come, you will be sanctioned. So the confusion is for a picture, for a photo opportunity? Is it also for the satisfaction of other players? And you see so much confusion, contradiction. For us, it's clear that the US is for dominance in the region, for hegemony. But this confusion on the political level is clearly there.

Now you have a second type of actor – I call them auxiliary actors. They want to use the United States for their own goals. Some of the other Arab neighbours, including Saudi Arabia, want the United States to fight their cause. Israel is the same. The third actor is Iran, a defensive actor. We are defending our land. We see the US policies, Mr Bolton, whatever it is he's for, it's not just regime change. As Pompeo said, it's smashing Iran. It means even attacking the

territorial integrity of Iran. Is he for war or he is not? But the intention is not just weakening Iran. We think it goes beyond. This is why we defend with all means.

Our land has been preserved not easily. Everybody knows that Iran is a historic, ancient nation. But we have survived and others have not because we have been staunch defenders of our country and culture, and will remain so. What we do today is absolutely, 100 per cent, defensive. We negotiated for more than two-and-a-half years with six players, five plus one within the United Nations frame of diplomacy. Did we do anything wrong that we should be sanctioned for? If you are an Iranian, what would you read from this whole tragic picture?

Iran has been on the defense during the last four decades. Look at Iraq-Iran war. Who started the war? Who supported the war? The Iraqi side.

Sanctions are against the people. I think we know the psychology of the sanctions. The US has an addiction to sanctions, but there is enough literature on the sanctions that the US has pursued. These frames may explain the relationship better than headlines or fast food analyses – analytical, attitudinal, and actors.

What shall we do? What is the remedy here? What's the solution? Number one: Assumptions should be changed. This is at the core of the issue – assuming that Iran can be simplified in a few sentences or a statement. I think this is wrong. Iran is not a simple country – no country is simple. You cannot make assumptions about a country with so much complexity with a couple of notions that you like to see. You know, one form of craft in Iran is carpets, Iranian carpets.

I once told a former secretary-general of the United Nations who visited Iran and gave a lecture that was very simplistic about Iran, I said, look, Iranian carpets are made of millions of knots, but they are very beautiful. So this reflects a complex society which is highly proud of what it has achieved and its existence, its culture, its land and region and revolution. Assumptions need to be deconstructed and changed.

Secondly, acceptance. You have to accept Iran as it is. Can you ignore geography? No, all this (talk about) escorting ships. All of them ignored the fact that Iran has the northern part of the Persian Gulf. They don't want to accept that Iran is the most important player, coastal player, in the Persian Gulf. Acceptance extends to the Iranian Revolution, the acceptance of the Islamic Republic of Iran as a political system, as well as acceptance of its legitimate security interests. I think this is at the core of the issue.

Finally, (existing) arrangements can be considered for Persian Gulf security. How? Bilateral relationships, for example. We have an excellent bilateral relationship with Oman on the Strait of Hormuz. We also have bilateral relationships with some of the other Persian Gulf Arab states. So bilateral ties are very important. They are key, not just for reducing tensions, but also managing more broader interactions. We have offered non-aggression pacts not once, but many times. There are other arrangements that are multilateral in nature. We have Resolution 598, authorised by the UN Security Council, which ended the Iran-Iraq War 30 years ago. Its operative paragraph is paragraph number eight, and authorises the security-general to organise dialogue for regional interaction.

So, let me say it: Making the Persian Gulf military crowded is not contributing to peace and security of Singapore and Asia. The Persian Gulf was very secure. Then the JCPOA was signed. The American withdrawal from the JCPOA is the source of insecurity and instability. During the last five centuries, the Persian Gulf has been the most internationalised place on earth. But as a student of the field, I'm reporting to you: International factors have not contributed to security.

Portuguese and Spanish forces fought together here in the Persian Gulf five centuries ago. They didn't contribute to security. They brought their rivalries here. We had a British presence here. Now what you see, not just in the Persian Gulf, in the sub-continent, in Asia, is the imprint of British imperialism negatively impacting daily lives. And you see the American presence during the last few decades has created more wars – the invasion of Iraq, and the invasion of Afghanistan. So this is our belief: We, the littoral states, are able to secure the Persian Gulf, because our peace and security depends on the security of the Persian Gulf.

So to sum up what I said – a deeper level is needed to understand the dynamism today. The analytical frame in which a structural basket, a human agency basket is important. And at the core of this is how the president and his team look at Iran. The attitudinal frame shows that attitudes matter, and they have wrong attitudes. And finally, the actors. And may I say, don't take Iran lightly. Iran is a serious actor. As has been proven during the last four decades, its security is very central and pivotal to it being an actor. Change the assumptions, correct the assumptions. Accept realities as they are, and arrangements can be looked at bilaterally and multilaterally.

*[This is an edited transcript of the speech]*

## Third Keynote Speech

**Mr MJ Akbar**

**Indian Member of Parliament  
and former Minister of State for  
External Affairs**



I'd like to introduce what might be called the third dimension to this conflict. I believe it is important not in itself because of India's geostrategic presence, but also because India has given voice to an approach that a large number of countries have historically taken to conflict resolution. The search for conflict resolution, or sometimes what we so grandiloquently call "world peace", has been a central objective of India's foreign policy right from the immediate days of post-colonisation. In fact, India initiated what might be called the lexicon of diplomacy in the post-colonial age.

The term "third world", for instance, was first heard at the Asian Relations Conference inaugurated by Nehru at the picturesque Delhi Fort in March 1947. So that's actually a few months before independence, when about thirty plus delegations from the world which were striving to emerge from colonialism gathered there. The range of representation was quite impressive ... Korea actually reached on the last day of the conference because they missed their flight from Shanghai – things which are very familiar to all those who organise

conferences even today. But it was very optimistic. Four Tibetans walked for twenty-one days through the Himalayas to represent Lhasa, and, indeed, in order to claim their separate credentials from what was then Chiang Kai-shek's China.

From this concept of the third world emerged an offspring called non-alignment.

As the world's first two worlds fought against each other in a war that famously became known as the Cold War, the third world geared towards an idea that found truth to fruition. In 1955, at Bandung in a mantra called the *Panchsheel* – the five points, which are slightly repetitive: Territorial integrity, non-aggression, non-interference, peaceful coexistence and equality. They became a magnet for solidarity, and in 1961, at a conference in Belgrade hosted by Tito with Nehru, of course, and with Gamal Nasser, the idea of non-alignment was raised to the status of an international movement, where it remains perched, albeit now slightly precariously. As the principal architect, Nehru turned non-alignment into the focal point of Indian foreign policy. But he did not recognise a very fundamental weakness of non-alignment – Nehru had mistaken an idea for an ideology.

An idea is not a doctrine, and efforts to dress it up as one only expose its limitations. At its most elastic, non-alignment asserted that if nations signed a piece of paper demanding peace, or confirming peace, there would be peace. The inadequacies of a piece of paper, I think, are also a part of the discussion today. These words emerged from a mouth without teeth. There was no strategic analysis of potential conflict or indeed any dispute resolution mechanism in the woolly ambience of non-alignment. History has a caustic sense of humour. Precisely one year after Belgrade, India paid a very heavy price for Nehru's illusions.

In October 1962 – just one year after Belgrade – China, a signatory to *Panchsheel*, crushed India's under-equipped and under-resourced defence forces along the Himalayas, and drew a military line upon a disputed border. A humiliated Nehru quickly abandoned the basic tenet of non-alignment and drove anxiously to America for military aid. Trapped in his own rhetoric, Nehru had neglected India's security requirements. Along with his defence minister, Krishna Menon, he consciously downgraded India's defence production capability. His starry goodwill seems incomprehensible in retrospect.

You, I think, might be surprised, if not totally startled, to learn that Nehru was twice offered permanent membership of the Security Council. By both superpowers. And twice, I suppose like Caesar's crown, he refused.

In 1950, America wanted India to take that seat. And in 1955, the Soviet Union made a similar suggestion through Bulganin. In August 1955, Nehru wrote to his sister, Mrs Vijaya Lakshmi Pandit, who was India's ambassador in Washington at the time, that India would not become a member at the cost of Beijing's claims. Nehru kept this secret from the Indian people, fully conscious of the negative impact this would have on opinion. Today, permanent membership of the UN Security Council is a declared objective of India's foreign policy. And we do not know how long we will have to wait.

Equally sobering was India's experience in the August of 1965, when Pakistan launched a multi-pronged military invasion to capture Kashmir. Some of India's closest friends in the non-aligned world offered to send military supplies to Pakistan at the height of the war.

Non-alignment had left India lonely, rather than aligned. India understood through experience that solidarity is impotent without substance. India took corrective action. In 1971, it signed the Indo-Soviet Treaty.

Half a century after it was born, non-alignment has become a baby with a beard. It has never quite grown up. Today, India takes a very different approach towards conflict resolution. India's commitment to peace has been layered by a realistic appreciation of the shifting counters of this dynamic challenge. Today, our policy has moved from non-alignment to multi-alignment. A series of parallel relationships that strengthen bilateral relationships and seek a common approach towards security, economic equity and elimination of existential dangers like terrorism.

India believes in friendship without dependence. And cooperation in the common cause of stability, dialogue and equitable prosperity – for us, equitable is actually as important as prosperity as the fundamentals of the 21st century world order. A globalised world has demands that are different to a polarised world. Stability rests on multi-polar support systems rather than the will or bidding of powers and superpowers.

The five pillars of Prime Minister Narendra Modi's foreign policy are rooted in India's natural interest, civilisational philosophy and the republican democratic ethos of the 21st century. They are *Samman* – respect for sovereignty; *Samvad* – greater engagement with all countries. *Suraksha* – security. Without security, everything else becomes futile. You cannot outsource security. *Samridhi* – shared prosperity; *Sanskriti* – the persuasive reach of cultural values anchored in a philosophy which believes that the world is a family. These principles enable

India to maintain friendships across binaries. And this is a very, very crucial element of foreign policy as we practise.

Observers and analysts are sometimes surprised to learn that Prime Minister Modi can welcome Prime Minister Netanyahu in Delhi as an honoured guest in early January and, within three weeks, become the first Indian PM to visit Palestine and receive its highest civilian award. The world is surprised, but no Indian is surprised. Indians wouldn't be surprised and, indeed, would consider it remiss if this did not happen. India believes that friendship is not a zero-sum game. Our relationships with Washington are at a new phase. But Iran has been a friend of very long standing. Over the last five years, many new economic and strategic bridges have been constructed with UAE and Saudi Arabia, and we are determined that they flourish for the good of our people.

India constitutes the largest expatriate population in the Gulf, foreign investment and our near west – this is our near west – includes Chabahar Port in Iran, which is being developed as our trade link to Afghanistan, and Central Asia. In Afghanistan, we are engaged in development projects in almost every province designed to improve the life of our Afghan friends. Actually, we probably have a presence in far more provinces in Afghanistan than any other country, without a single soldier there.

I think both America and Iran know that the costs of war are rarely secret, but the price of a US-Iran conflict will be paid in many currencies. Both the United States and Iran have enough experience to know that war does not recognise any boundaries. The potential for chaos should be measured carefully by belligerents. So far, we have witnessed a war of nerves. But diplomacy is surely about preventing a nervous breakdown. The confrontation over *Grace 1* and *Stena Impero* indicates how quickly an incident can become a *casus belli*. If the British warship *HMS Duncan* had reached the flashpoint earlier – forget Donald Trump's orders and non-orders – would we have seen provocative shooting? There are itchy fingers at every level of weaponry. State and non-state actors are active across the turbulence of West Asia, fuelled by ideological zeal and sectarian fervour. None of this is in our immediate geopolitical and geo-economic interest.

The nature of war itself is constantly evolving. We often suppose that there have been only two world wars in the last one hundred years. I can think of at least five. Between the First and the Second World War began the life and death struggle for liberation from colonisation. That was a world war, too,

with the non-violent Mahatma Gandhi among a pantheon of heroes, all of them following their own separate strategies. The Cold War was a world war. It continued for at least four intense decades. We are currently in the midst of a fifth world war, which is the war against terrorism, a dangerous, barbaric, immoral and viral epidemic that remains to be defeated.

There is another kind of war which is gradually beginning to dominate this charred landscape. The long, warm war. It has many commas, but no full stop. It never becomes a conflagration, but its embers continue to glow, taking a periodic toll. It is a state of continual, if not perpetual, conflict which drains life rather than kills instantly. Its battlefields are rife with false flags. Long war theorists opine that since the costs will be spread, it is containable. And because it refrains from all-out conflict, it is less than a crisis. It is dangerous to fall into such illusions. But because of this, the temptation to use terrorists as surrogates actually increases. The one conflict which is not amenable to resolution through dialogue is the war against terrorism. Conventional wisdom dates the present US-Iran conflict to the success of the Islamic Revolution in '79. But as we all know, memories are longer than that. There is one point about 1979 that has been continuing, I mean, almost regularly forgotten in the discourse. 1979 is a year about which many books still await to be written. It has not been analysed or discussed in its full implications. One of the most important consequences of 1979 was the emergence, over a decade of very bitter experience, of a Shia strategic space, which is a new phenomenon on the map of the Muslim world. After 1979, Iran, which was still in its very teething early stage, was challenged immediately by Iraq. There was a time when Saddam Hussein was promising to come to Tehran in two weeks or one week, heaven knows how quickly his trucks would move. It took eight years eventually, because Iran fought back. But today, to cut a rather long and complex story short, there is the emergence of what might be called – these terms are open for discussion and surely open to change with discussion – a strategic space that stretches between the western border of Afghanistan through Iran, through Iraq – now, because of democracy, obviously a Shia majority government – through Syria and towards Lebanon. Now, it is a space that Iran is not likely to surrender in a hurry. It has been created by Iran over a very long time. Below that, there is a consequent consolidation, which is taking place in the Sunni Arab world, which you see is trying to protect its own interests, led by Saudi Arabia.

In this regional conflict, the presence of superpowers is not as dependent upon consistency and ideology as we might imagine. Superpowers intervene in pursuit of their own immediate, medium-term or long-term interests. And in that space, Iran and the United States have cooperated far more often than they would admit.

One example which went public was the Contra deal during the Reagan years. But there have been others. All I'm saying is that pragmatism has always been as important a factor in relationships, including relationships of conflict, as professed ideology. Variables of national interest determine levels of tension between countries. This is actually welcome, because common sense suggests that it is in neither side's interest to slide towards a destructive open war.

However, we all know the dangers of brinkmanship. I would like to contrast this with our own experience in India in the management of what I would like to call India's most difficult foreign policy challenge. Sometimes, I think that the real border problem is with Pakistan, but our longest border problem is with China! The 1962 war with China has had a traumatic effect on the Indian mind. That scar cannot be removed or eliminated quite so easily.

If you think that '62 was the only point, in 1967, there was very serious localised fighting at Nathu La and Cho La passes and, of course, everyone here remembers June 2017, when Doklam happened. It reminded everyone that life on a precipice can be very slippery. But if that confrontation was contained, it was because of the maturity of political leadership on both sides, as well as a commitment made by both nations to non-violence three decades ago. It is not the term that we use generally in the context of foreign policy, but this is precisely what India and China did when they signed what is known colloquially as the agreement of peace and tranquillity on the border. What was the fundamental principle of that? One, that whatever happens, no bullet should be fired. It's a remarkable achievement.

But more important for us is what is the doctrine behind this relationship? Differences must not be allowed to become disputes. Disputes must not be allowed to become conflict. How? Through diplomacy – that is the work of diplomacy. Diplomacy is continuous engagement, knowing that one mistake becomes the next crisis. Maybe what is wrong with the JCPOA is one word. Not “joint”, not “plan”, not “action” – whatever their merits or demerits – but “comprehensive”. The moment you call anything comprehensive, there is a kind of finality to it, an implicit finality. But we know that peace is constantly discussed, negotiated, measured and protected. And that is why when Doklam happened, we found the necessary resources to seek meetings and solutions through peace.

The relations between India and Pakistan, in contrast, remain stagnant, or even septic, for one reason alone, and that is Pakistan's continued and endemic use of violence, and particularly terrorism, against India. It cannot succeed. And it will

not succeed as long as it thinks that violence is an option, or a solution. Don't take my word for it. In July, Pakistan's Prime Minister Imran Khan admitted that between 30,000 and 40,000 terrorists who target India are still getting sanctuary and assistance on Pakistani soil. This is a public statement. Think of the numbers. This is equivalent to a parallel terrorist army. As our Prime Minister Narendra Modi has said, there is no good terrorism, there is no bad terrorism. And we are not amenable to any dialogue with anyone who still has nuanced views on the subject.

The good news is that the US-Iran conflict – “good”, of course, is a comparative term – is that it remains in the hands or in the control of states, rather than in the grip of non-state actors. The question before the two governments is quite simple. Will they walk? Will they talk before inflicting serious, if not incalculable, harm on the region? Or will they talk afterwards?

India believes that states must find the route to direct dialogue, or where that seems difficult, elliptical engagement. Scepticism about the total resolution of problems between the United States and Iran should not preclude efforts to find a partner. Friends can help create conditions for direct engagement between principles. War is not the solution.

*[This is an edited transcript of the speech]*

# Summary of First Session: US Actions and Consequences

*Report: Tan Teenli*



Two panellists discussed the goals of US policy towards Iran and whether “maximum pressure” would change Iranian behaviour.

## **Mr Karim Sadjadpour, Senior Fellow, Carnegie Endowment for International Peace**

There are three prongs to the US’ Iran policy, said Mr Sadjadpour. Firstly, President Donald Trump’s Iran policy is characterised by “belligerence coupled with incoherence”. Secondly, Mr Trump has by his side National Security Adviser John Bolton, an advocate of military strikes and regime change in Iran. Finally, there is Secretary of State Mike Pompeo, who tries to reconcile President Trump’s “impulse” with Mr Bolton’s “strategy”.

Despite the terrible consequences of US sanctions on the Iranian population, Mr Sadjadpour believes Iranian Supreme Leader Ali Khamenei now faces a dilemma – being more conciliatory in order to reverse Iran’s economic deterioration might bolster the claim by some in the US administration that “maximum pressure” works.

On top of external pressure, he also suggested that Iran has, above all, been hindered by internal challenges. The Islamic Republic has prioritised revolutionary ideology over national interest, which leaves its potential to become a global economic player unfulfilled.

**Dr Michael Singh, Managing Director and Senior Fellow, The Washington Institute for Near East Policy**

The United States' withdrawal from JCPOA was, in essence, an extension of bipartisan domestic debate, pointed out Dr Singh. The Republicans were the strongest and most vocal critics of the JCPOA, also known as the Iran nuclear deal. Firstly, they charged that it did not restrict Iran's production of nuclear weapons. Secondly, it was not comprehensive and did not sufficiently address US concerns. Thirdly, it was a temporary measure. Dr Singh said that it thus came as no surprise that when a Republican president came to power, he repudiated JCPOA.

President Trump was motivated by both politics and substance, and conditions conducive to a better deal, he added. Moreover, the "maximum pressure" approach serves the objectives of those wishing to bargain for a better deal and those wishing to implement regime change in Iran. So both camps within the US administration agreed on it. The strategy falls into the standard playbook of the US, and has been employed by the US towards North Korea and China, amongst other countries.

The US finds "maximum pressure" attractive because it limits direct involvement, he elaborated. However, he also laid out two risks. The first is that of military conflict. Knowing that President Trump does not seek war, Iran has an incentive to escalate the situation. The second risk is that of ineffectiveness. Iran may choose to escalate its nuclear activities while waiting out the tensions.

Dr Singh believes that for US policy towards Iran to succeed, it needs to rely on both diplomacy and deterrence, employ multilateralism, and be sustainable.

## Papers Presented in First Session

# The Iranian Hedgehog vs the American Fox: The Escalation Between the Two Countries is Being Driven by the Clashing Temperaments of their Leaders

By **Karim Sadjadpour**

Though few citizens of the United States or Iran seek conflict, the two countries are on a dangerous trajectory that has less and less to do with the diverging interests of the two nation states. Instead, more and more, the escalation is being driven by the clashing temperaments of two cynical elderly men. Ayatollah Ali Khamenei, the 80-year-old Iranian supreme leader, has been steadfast, even monomaniacal, in opposing the US. In contrast, the 73-year-old US President Donald Trump has employed a flurry of strategies – from flattering Iran to coming within minutes of military strikes – to bring Tehran to heel.

The Oxford University philosopher Isaiah Berlin's seminal 1953 essay "The Hedgehog and the Fox" offers a simple dichotomy to explain recent dynamics between the US and Iran – or, rather, between Mr Trump and Mr Khamenei.

Borrowing a line from the ancient Greek poet Archilochus, Berlin divided human beings into two different categories: "The fox knows many things, but the hedgehog knows one big thing." Hedgehogs have a grand theory of the world, while foxes employ a different cunning for every circumstance. He cited Shakespeare and Aristotle as examples of foxes, while "Karl Marx was the most implacable hedgehog of them all."

Among world leaders today, few hedgehogs are more implacable than Mr Khamenei. Hedgehogs, Berlin argued, "relate everything to a single central vision ... a single, universal, organising principle in terms of which alone all that they are and say has significance." In this spirit, Mr Khamenei's organising principle throughout his 30-year rule as supreme leader has been "resistance" against America.

Rather than calming Iranian national anxieties about the prospect of war with the US, Mr Khamenei used the word “resistance” more than 65 times in a recent speech<sup>1</sup> – sometimes more than once in a sentence. He said: “Today in our region, the common word among nations is resistance. Everyone agrees with resistance ... The recent defeats that the Americans suffered in Iraq, Syria, Lebanon, Palestine and other such countries were an outcome of the resistance of resistance groups.”

For the supreme leader, “resistance” against “global arrogance” – his moniker for American imperialism – is both an ideology and a strategic doctrine. “Resistance, unlike surrender, leads to the retreat of the enemy. When the enemy bullies you, if you take a step back, he will undoubtedly advance. The way to stop him from advancing is to resist,” he said. Consistent with Mr Khamenei’s philosophy, Iran has not responded to Mr Trump’s “maximum pressure” campaign with concessions, but rather by sowing chaos in the region and threatening to restart its nuclear programme.

Contrasting the dogmatism of hedgehogs with foxes, Berlin wrote: The latter “pursue many ends, often unrelated and even contradictory, connected, if at all, only in some de facto way, for some psychological or physiological cause, related to no moral or aesthetic principle.” Even sympathetic observers of Mr Trump’s presidency would likely concur that he pursues contradictory ends motivated by an unknown psychological cause for no clear moral principle. But while Mr Khamenei is the quintessential hedgehog, Mr Trump is a variation on the prototypical fox; he does not know many things as much as he says many things.

Unlike the supreme leader’s sole strategic doctrine, Mr Trump’s Iran strategy – sometimes to the left of American journalist Mr Glenn Greenwald, and sometimes to the right of American talk show host and political commentator Mr Sean Hannity – has had the coherence of a Jackson Pollock painting. Days after angrily tweeting “If Iran wants to fight, that will be the official end of Iran”, Mr Trump proclaimed:<sup>2</sup> Iran “has a chance to be a great country with the same leadership.” After Iran shot down a US drone over the Gulf in June, Mr Trump ominously tweeted: “big mistake”. Moments later, he assessed it

<sup>1</sup> Ayatollah Ali Khamenei, “The election of Donald Trump is a clear sign of the political and moral decline of the U.S.”, 4 June 2019, speech delivered on the 30th anniversary of the passing of Iman Khomeini, <http://english.khamenei.ir/news/6834/The-election-of-Donald-Trump-is-a-clear-sign-of-the-political>

<sup>2</sup> Ladane Nasser and Zainaf Fattah, “Trump Says He’s Not Looking to Topple Iranian Leadership”, 27 May 2019, *Bloomberg*, <https://www.bloomberg.com/news/articles/2019-05-27/trump-says-iran-can-be-great-nation-even-with-current-leadership>.

may have just been a big misunderstanding. Hours later, he claimed to call off military strikes against Iran 10 minutes before they were to happen.

Mr Trump's erratic approach – provoking an escalation cycle while simultaneously making clear his aversion to conflict – only increased Tehran's appetite for risk. As Dr Suzanne Maloney, deputy director of foreign policy from the Brookings Institution, has pointed out, Mr Trump is learning the same hard lesson as six US presidents before him. If Tehran is willing to subject its population to economic hardship and use the entirety of its energy wealth to promulgate an antiquated ideology that advocates "Death to America" rather than "Prosperity for Iranians", the US has limited ability – using either engagement or coercion – to dissuade it.

Indeed, despite the imbalance of power between Tehran and Washington, Mr Khamenei has been the one to consistently refuse Mr Trump's offer of dialogue, not vice versa. While many have declared this a failure of Mr Trump's maximum pressure<sup>3</sup> campaign, the reality is that Iran is in a much greater bind.<sup>4</sup> A US military strike on Iran might have been averted for now, but Iran's deteriorating economic circumstances cannot likely be reversed, absent an accommodation of the US.

In this context, for Mr Trump, the best option is not to respond militarily to Iranian acts of aggression and sabotage, but to use them to build more robust international support, all while keeping the door of diplomacy open. While the deteriorating Iranian economy probably would not make the regime implode, Iranian popular pressure will grow on Mr Khamenei to justify his opposition to negotiations, and will increasingly expose him as the obstacle that stands between Iranians and a better future. Tehran already shows signs of frustration with Mr Khamenei's intransigence, including President Hassan Rouhani's recent admission that he has no authority over Iran's foreign affairs.

When and if Tehran is ready to talk, the differences between Mr Trump and Mr Khamenei present further obstacles. Mr Trump prefers public pageants about broad topics; Mr Khamenei prefers private discussions about narrow topics.

<sup>3</sup> Ali Vaez, "Trump's 'Maximum Pressure' Won't Make Iran Yield", 12 May 2019, *The Atlantic*, <https://www.theatlantic.com/ideas/archive/2019/05/why-trumps-sanctions-iran-arent-working/589288/>

<sup>4</sup> David Ignatius, "Iran must escape the American chokehold before it becomes fatal", 20 June 2019, *The Washington Post*, [https://www.washingtonpost.com/opinions/global-opinions/iran-must-escape-the-american-chokehold-before-it-becomes-fatal/2019/06/20/b7f1033a-9395-11e9-b58a-a6a9afa0e3e\\_story.html?utm\\_term=.d4a2a064719c](https://www.washingtonpost.com/opinions/global-opinions/iran-must-escape-the-american-chokehold-before-it-becomes-fatal/2019/06/20/b7f1033a-9395-11e9-b58a-a6a9afa0e3e_story.html?utm_term=.d4a2a064719c)

Reaching a deal – or at least averting a conflict – will require Mr Khamenei to acquire the flexibility of a fox, and Mr Trump to adopt the strategic patience and resolve of a hedgehog. While two men with a combined age of 153 surely lack the psychological and ideological agility to change who they are, the possibility of a devastating war will encourage a little more deftness.

# Summary of Second Session: The View from Iran

Report: Joshua Ong



Three panellists discussed the domestic political situation in Iran as well as the probability of regime change.

## Dr Ali Vaez, Iran Project Director, Crisis Group

Iran's initial strategy towards the United States' unilateral withdrawal from JCPOA was one of patience – a hope that US sanctions would be neutralised without the backing of the international community, said Dr Vaez. This patience also extended to the realm of military action.

However, it did not last due to the worsening economic situation in Iran, caused by the effective economic sanctions placed by the Trump administration on the Islamic Republic's main export, oil. Therefore, Iran decided to push back by breaking JCPOA commitments, but in a manner that could be reversed easily. Dr Vaez added that Tehran's fear of the long-term impact of US sanctions and belief that its strategy of pushing back was succeeding would likely see it continuing on this path.

Still, he said, a clash is “not inevitable”, as there are ways to control and de-escalate the tensions. Due to the level of mistrust on both sides, a “grand bargain” is not likely. However, a no-deal situation is also not sustainable, given the level of friction and escalation that both sides have locked into.

Given that Iran signed the JCPOA with former President Barack Obama in the final one-and-a-half years of his administration, he does not think a new deal with Mr Donald Trump, who is similarly close to the end of his first term in office, is likely. Dr Vaez said the best, but not most likely scenario, would be for some kind of tactical mutual freeze of the cycle of escalation through mediation.

**Dr Julia Roknifard, Director of Foreign Policy, EMIR Research, Kuala Lumpur**

Drawing attention to political pressure against the Islamic Republic, Dr Roknifard said US actions, such as designating the Islamic Revolutionary Guard Corps as a terrorist group, banning Iranian diplomats and, most prominently, sanctioning Iranian Foreign Minister Javad Zarif, have resulted in an erosion of the political borders between reformists and hardliners within the country.

The reformists face public pressure at home as JCPOA failed to deliver the promised economic benefits. Worse, the Trump administration’s unilateral withdrawal from the deal led them to lose faith in negotiations with the US. This resulted in some reformists favouring a more hardline approach.

In fact, Dr Roknifard added, America’s “maximum pressure” campaign is unlikely to bring about regime change – Tehran is likely to continue pushing back instead. Regime change is also unlikely because of the lack of a shared ideology within the opposition ranks against the current regime. Furthermore, the bitter memory of the Islamic Revolution, which failed to live up to Iranians’ expectations, serves to dissuade revolutionary tendencies.

**Mr Kevjn Lim, PhD Candidate, School of Political Science, Government and International Affairs, Tel Aviv University**

Even though Tehran appears to be moving towards a more hardline approach with the blurring of political boundaries between the hardliners and reformists, Mr Lim was quick to point out that reformists such as President Hassan

Rouhani are still open to negotiations with the US, albeit with rigid demands such as the removal of re-imposed sanctions prior to negotiations taking place.

What Mr Lim suggests could happen is that Tehran would continue to push back through non-kinetic forms, such as cyber-based attacks against financial and government institutions.

At the same time, he believes tensions between the US and Iran would continue to escalate as both states act reactively to the other's provocations, highlighting how President Trump's policy of "maximum pressure" is unlikely to bring about the desired results in the near future.

## Papers Presented in Second Session

# The Risks of Maximising Pressure on Iran

By **Ali Vaez**

More than a century after World War I, the Middle East is experiencing its own 1914 moment. Then, the assassin's bullet that killed Archduke Franz Ferdinand of Austria put the entire European continent on fire. Today, a single attack by rocket, drone or limpet mine could set off a military escalation between the United States and Iran and their respective regional allies and proxies that could prove impossible to contain. Left to their own devices – and determined not to lose face amid the legacy of 40 years of enmity – Washington and Tehran have placed themselves on a collision course. In the absence of direct communication channels, third-party mediation seems the most likely avenue to avert a war that both sides claim they do not seek. Now is the time for international and regional diplomacy to escalate in turn: to persuade the US and Iran to step back from the brink and point the way toward a regional process of communication and dialogue that might set the stage for a mutual accommodation.

The dangerous stand-off between the US and Iran calls to mind the question of what happens when an irresistible force meets an immovable object. The force is the Trump administration's "maximum pressure" campaign, which seems willing to stop at nothing – whether it be sanctioning Iran's senior political and military leadership or forcing the country's oil exports down to zero – to bring Tehran to its knees. The object is Iran's resolve not to yield but to resist – whether by restarting its nuclear programme or targeting the US and its regional allies. The increasingly likely result is a military confrontation, a predictable scenario since the Trump administration withdrew from the Iran nuclear accord, the Joint Comprehensive Plan of Action (JCPOA), in May 2018.

The contours of a future conflict are already apparent. Iran has warned that it will gradually accelerate its breaches of the nuclear agreement if unilateral US sanctions continue to deny it the economic dividends promised by the deal and instead drive the Iranian economy into the ground. Should Tehran act on its threat, the accord will unravel, triggering broader international sanctions and raising the possibility of US and/or Israeli military strikes against a nuclear programme that is currently contained. The more immediate risk, underscored

by a spate of limited military incidents since early May, is that the stand-off will draw regional actors, aligned with either side, into an escalatory spiral.

Iraq, long an arena of US-Iran competition, may increasingly find itself a battleground, even as its central government desperately tries not to be dragged into a fight it does not consider its own. In Yemen, Houthi cross-border strikes on Saudi Arabia or attacks on Red Sea traffic could start an escalatory cycle that draws in the US. In the Gulf and the Strait of Hormuz, a key energy choke point, further incidents could bring military intervention aimed at protecting the oil trade and, thus, the world economy. In Syria, a cat-and-mouse game between Iran and Israel could spin out of control and undo the mutual deterrence between Israel and Hezbollah that has kept the Israel-Lebanon border quiet since 2006.

The best hope for lessening tensions may well lie in third-party mediation. President Emmanuel Macron of France seemed to seize the moment in July when he sent a senior emissary to Tehran and engaged his Iranian and US counterparts personally in an effort to persuade both sides to pull back from the brink. Successful mediation would be no mean feat, given the two adversaries' accumulated hostility and what, for now, appear to be incompatible objectives: Tehran, deeming surrender to maximum pressure more dangerous than suffering from sanctions, seeks a loosening of restrictions on its oil exports and repatriation of revenues in return for making symbolic adjustments to the nuclear deal and showing restraint in the region. For its part, Washington remains loath to loosen the noose of sanctions it believes are working absent significant concessions from Iran on its nuclear, missile and regional policies.

A possible first step toward de-escalation might be a mutual defusing of tensions. The US would agree to partially reinstate its sanctions waivers regarding Iranian oil exports (which have caused Tehran the most damage) and in return, Tehran would resume full compliance with the nuclear agreement and refrain from endangering shipping in the Gulf. Negotiators could also make progress toward the release of at least some of the dual nationals Iran has imprisoned on dubious charges. In other words, the parties could revert to an enhanced version of the pre-May 2019 status quo, with a commitment to resume broader negotiations in a format to be determined. Such a freeze would not bring peace and stability to the Middle East, but it could at least prevent one scenario the world now faces: an all-out war triggered by a lighted match tossed carelessly onto the region's accumulated tinder.

# Hopelessness in Iran is Not the Reason to Hope for Regime Change

By **Julia Roknifard**

For observers of the current escalation against Iran, there is always the temptation to conclude that the many problems that Iran is facing now are the result of the United States' withdrawal from the Joint Comprehensive Plan of Action (JCPOA) and subsequent policy of "maximum pressure".

The economic pressure on Iran is, indeed, unprecedented. Its oil exports are down to the level of the 1980s, with the official inflation rate at 33 per cent (unofficial figures are higher). However, there is a growing public perception in Iran that the country's problems are the result of domestic issues – a problem of governance, corruption, cronyism and unemployment. The US' withdrawal from the JCPOA is only a part of overall concerns.

Iranians' most common descriptions of their situation are that they are "lost", "disillusioned", "disappointed". Those adjectives would also probably be given by that bulk of people who are a part of a massive Iranian brain drain. According to official statistics, more than 40 per cent of the unemployed in Iran are university graduates. In a Gallup study of potential brain drain (2015-2017),<sup>1</sup> 27 per cent of Iranians expressed the desire to move out of the country once given an opportunity. It is likely that this indicator has gone up since. An estimated 5 million Iranians are living abroad, and according to the assessment of the Iranian government, 150,000-180,000 leave the country annually.

The hawkish hope of Mr John Bolton and the like for regime change in Iran is based on the presumption that those disgruntled and disenchanted people will rise up against the system. The fact of the matter is that revolutions – if indeed that is what we are talking about – do not work in this straightforward manner, especially in a country that experienced a revolution just four decades ago.

Disenchantment is one thing, accumulation of power to overthrow the whole system is another. Firstly, the outcome of the 1979 revolution was not exactly

<sup>1</sup> Potential Net Migration Index, Gallup, [http://news.gallup.com/migration/interactive.aspx?g\\_source=link\\_news9&g\\_campaign=item\\_245204&g\\_medium=copy](http://news.gallup.com/migration/interactive.aspx?g_source=link_news9&g_campaign=item_245204&g_medium=copy).

what many hoped it would be. The generation which rebelled against the shah is still alive, and, having seen what their efforts have wrought, has become a significant containing factor. Secondly, while many realise there is a problem, not many can think of a solution. Finally, there is no leader or alternative ideology to spark a meaningful revolt.

The most successful example of meaningful opposition in Iran in recent history is the National Front headed by former Prime Minister Mohammad Mosaddegh, who was overthrown in 1953. It never attained its former prominence after that, and since then, there has been no example of a similar national opposition. The man in the street may lament Iran's current plight and hark back wistfully to the country's glorious imperial past and the Pahlavi dynasty era, but this is not constructive, instead, it is rather emotional thinking.

Even though Iran's political stability index as measured by the World Bank is not very encouraging, at -0.93 (-2.5 weak; 2.5 strong),<sup>2</sup> many in the educated class would prefer to emigrate rather than act on any revolutionary zeal.

Thus, while external economic pressure from the US is exacerbating the depth of the problem Iran faces, it is not the main cause of the troubles.

The political pressure is another problem Iran faces. The recent imposition of sanctions against Foreign Minister Mohammad Javad Zarif is being read as an irrational move by the Americans, but also a declaration that Washington does not intend to engage with Iran in a meaningful way. In imposing sanctions on Mr Zarif, the US accused him of implementing the "reckless agenda of the Supreme Leader". Mr Zarif, an urbane, well-connected, American-educated diplomat, was probably the best hope for engagement between both sides. However, since he was a key part of the team that negotiated the JCPOA, he has also been under suspicion at home. If we interpret the US move as an attempt to force Iran to replace him, it is likely that his successor will be of a more rigid ideological bent, decreasing the possibility of dialogue even further.

One effect of the sanctions on Mr Zarif and those preceding them was to alter the balance within Iran's fractious political elite. The country's leadership is often seen as split between a hardline faction and a group of reformists. But the almost uniform condemnation of the sanctions on Mr Zarif, even from the Islamic Revolutionary Guard Corps (IRGC), may mean that, for now, at least, the moderates are rallying behind a stronger position out of political necessity.

<sup>2</sup> Political Stability – Country Rankings, theGlobalEconomy.com, [https://www.theglobaleconomy.com/rankings/wb\\_political\\_stability/](https://www.theglobaleconomy.com/rankings/wb_political_stability/).

Behind the scenes, however, the jockeying continues. Fundamentalists, empowered by the failure of the government to deliver on the promises related to the nuclear deal, are positioning themselves for parliamentary elections due in February 2020. At the same time, reformists and moderates, despite the forced change of rhetoric, are likely to cling to the JCPOA, because acknowledging it was a mistake would create more problems for them.

Meanwhile, the government has no clear solution to its current plight in sight, beyond the current “maximum resistance” stance, which combines actions calibrated to avoid a massive US military response, such as the seizure of tankers, with incremental steps to walk back its commitments under the JCPOA. It has begun to stockpile low-enriched uranium in excess of the agreed 300kg limit, and has also announced plans to produce uranium at 4.5 per cent enrichment, above the 3.67 per cent cap under the nuclear deal. It has threatened to take a third step, but has so far not done so.

To conclude, the current tensions are the continuation of a fracture between the two sides in the wake of the 1979 revolution. The withdrawal from the JCPOA is just the latest in a series of frictions, not the main cause of the problems today. Iran’s nuclear ambitions are just one of the issues between both sides, though a significant one.

Iran is reacting to the current pressures in its own way, given social conditions, attitudes and long-entrenched perceptions of social change. It might be the hardest stalemate that Tehran has found itself in since 1979, as the higher moral ground of observing the long awaited nuclear deal has not resulted in economic benefits. It is currently employing strategic patience, with US elections barely a year away, and hopes for the Instrument in Support of Trade Exchanges (Instex) still alive, barely. It may also employ the asymmetric means available to it – using its proxies to attack American or European interests, for example, in a bid to force the JCPOA partners to deliver on their commitments.

At the end of the day, Iran’s trump card is that while it cannot go toe-to-toe with the US in a military confrontation, it has enough means at its disposal to make things problematic for the Americans and other regional and extra-regional players.

# Domestic Politics and Socio-economic Pressures: Implications for Iran's Strategic Behaviour

By **Kevjn Lim**

Iran's highly factionalised domestic politics has been a significant driver in the Islamic Republic's foreign, security and trade policies. At the same time, Iran's socio-economic condition has also exerted an important influence on those policies. Since 2013, President Hassan Rouhani's relatively moderate government has struggled to reverse his predecessor's confrontational stance and Iran's resulting diplomatic and economic isolation, investing precious political capital to secure a nuclear agreement known as the Joint Comprehensive Plan of Action (JCPOA) with six world powers in 2015. The Trump administration's withdrawal from the agreement in May 2018, together with a "maximum pressure" campaign of economic sanctions to force Iran to renegotiate a more stringent agreement constraining its nuclear programme, ballistic missile development and regional activism has, however, reignited dangerous tensions and brinkmanship on both sides. Even if they cannot ultimately be disentangled from the external strategic setting, what role do domestic politics and socio-economic pressures play in all this, and how will they influence Iran's external response going forward?

## Domestic Socio-economic Strains

Under renewed United States sanctions, Iran's oil exports in June fell to 300,000 barrels per day (bpd) from 500,000 bpd in May, compared to an already historically modest 2.5 million bpd just before the US' JCPOA withdrawal.<sup>1</sup> More recent estimates for July place the figure at 100,000 bpd, which, when benchmarked against 2.5 million bpd, represents a 96 per cent decline and US\$53 billion in annual losses at current oil prices.<sup>2</sup> Despite ongoing attempts at diversification, oil continues to play a central role in Iran's economy. Oil exports remain Iran's primary source of foreign exchange revenues, and projected hydrocarbon earnings constitute a third of the country's current annual budget.

<sup>1</sup> Alex Lawler, "As Trump's sanctions bite, Iran's oil exports slide further in June", *Reuters*, 24 June 2019.

<sup>2</sup> "Saderat-e naft-e Iran be '100,000 boshke dar ruz' soqut karde-ast" [Iran's oil exports have fallen to 100,000 barrels per day], *Radio Farda*, 30 July 2019.

Given US sanctions, the International Monetary Fund (IMF) expects Iran's gross domestic product (GDP) growth to contract by 6 per cent this year, after already shrinking 3.9 per cent in 2018. This would again bring the economy close to recession levels seen in 2012 at the height of international sanctions against Iran.<sup>3</sup> In 2018, the national currency's value plummeted 60 per cent and black market exchange rates currently soar at roughly three times the official rate, which stands at IRR 42,000 to the dollar. The inflation rate in the 12-month period ending this July has surpassed 40 per cent, breaking a 24-year record,<sup>4</sup> and the government is looking to initiate legislative procedures to slash 4 zeroes from the rial (and readopt the toman, abolished in the 1930s, as the official currency). At street level, the prices of basic food items like milk, chicken, sugar and flour continue rising, along with unemployment levels.

Besides selling oil in the grey market at increasingly discounted prices, Tehran is attempting to mitigate sanctions through a number of creative measures, including increased mining and (unofficial) use of cryptocurrencies, attracting foreign investors and foreign tourists, especially from China, and offering oil for future deliveries in exchange for goods, investments and services.<sup>5</sup> But even without sanctions, the economy suffers from deeply-rooted structural problems such as mismanagement and endemic corruption. Mr Rouhani's presidential chief-of-staff recently claimed that 1 billion euros in state currency reserves intended for medicine and basic goods imports have unaccountably vanished.<sup>6</sup> Sanctions have reportedly also eroded Iranian funding for Hezbollah, its closest armed militia.

Economic difficulties have in turn unquestionably exacerbated social tensions. Much of the protests and strikes occurring inside Iran – a daily average of 9-10 events based on a survey of Persian-language social media sources alone – relate to socio-economic issues. Parts of the public sector, including municipalities and transportation, are finding it increasingly difficult to pay wages on time or even at all. Another driver behind these social and economic tensions is a slew of recurrent natural disasters, including flash floods, freak dust storms, a

<sup>3</sup> International Monetary Fund, "Regional economic outlook: Middle East and Central Asia", May 2019.

<sup>4</sup> "Nerkh-e tavarrom-e Iran rekord-e 24 sale ra shekast" [Iran's inflation rate has broken a 24-year record], *Radio Farda*, 24 July 2019.

<sup>5</sup> "Pishforush-e naft-e Iran be keshvar-haye godratmand" [Presales of Iranian oil for strong countries], *Iranian Students' News Agency (ISNA)*, 9 July 2019.

<sup>6</sup> "Rais-e daftar-e Rouhani: nazdik be yek milliard yuro arx-e dowlati gom shode-ast" [The head of Rouhani's office: nearly one billion Euros in state currency missing], *BBC Persian*, 20 July 2019.

chronic drought and frequent earthquakes, worsened by the government's often inadequate response. Although protests have not yet returned to the levels seen in late 2017 and early 2018, all the ingredients for another spontaneous, large-scale conflagration on Iran's streets remain in place.

## Domestic Politics

Given that President Rouhani came to power in 2013 promising sanctions relief and economic recovery, the fragile status of the JCPOA – his signature foreign policy achievement – places his government on the defensive against its hardline rivals. The JCPOA's economic benefits were already slow in coming, in part due to the deterrent effect of remaining US sanctions. And yet, hardliners have mostly preferred to blame the government, and at any rate oppose any move which might leave Iran open to western economic, political and especially cultural influences. Supreme Leader Ali Khamenei deeply distrusts the US. He has also over the past three decades consistently fallen out with every single Iranian president in the latter's re-elected term, irrespective of the latter's factional affiliation.

In a reflection of Iran's rising threat perceptions, Mr Khamenei has reshuffled the Islamic Revolutionary Guard Corps' (IRGC) top ranks, introducing an even more hardline cast, including the IRGC's new Commander-in-Chief Hossein Salami, Deputy Commander Ali Fadavi, and IRGC Naval Chief Alireza Tangsiri, who has been known to suggest suicide attacks against US warships. Elsewhere, the supreme leader's hardline former deputy representative to the IRGC Mr Mojtaba Zonnur has also recently replaced the relatively more diplomatic Mr Heshmatollah Falahatpishe as head of parliament's National Security Commission.

Meanwhile, the domestic pushback continues against representatives and supporters of the government. A member of parliament close to the IRGC recently alleged that Mr Rouhani and over 70 other senior government officials possessed dual citizenship or foreign residency, though this is not technically illegal by Iranian law.<sup>7</sup> State media recently carried a TV series, *Gando*, portraying a character resembling Foreign Minister Mohammad Javad Zarif as being weak against Iran's enemies. The judiciary, likewise, continues its inquisition against prominent reformist figures in particular, most recently jailing Mr Mohammad-Reza Khatami (brother of former President Mohammad Khatami and the husband of one of Mr Khomeini's granddaughters) for alleging that over eight

<sup>7</sup> "Karimi-Qodusi: Hassan Rouhani ehtemalan do-tabiyati ya dara-ye eqamat-e khareji-st" [Karimi-Qodusi: Hassan Rouhani probably has dual citizenship or foreign residency], *BBC Persian*, 23 July 2019.

million phantom votes helped former President Mahmoud Ahmadinejad's disputed 2009 re-election.

All these signs notwithstanding, the relatively moderate elected government has not yet lost the initiative. Mr Rouhani refrained from retaliating for a full year after the US' JCPOA withdrawal. This past February, Mr Zarif resigned to protest his exclusion from Syrian President Bashar al-Assad's visit to Tehran, but Mr Khamenei rapidly reinstated him, a sign Iran's top diplomat still matters, at least in respect of the re-escalating nuclear tensions if not Iran's regional policy. Tehran has so far painstakingly calibrated its escalatory measures, matching tit-for-tat. And most importantly, despite many of the hardliners and Mr Khamenei's resistance to talks with the US – the supreme leader has likened it to poison – Mr Rouhani's government continues to leave the door half-open for negotiations. Support for talks has also come from unexpected quarters, including firebrand Mr Ahmadinejad.

The elected government has repeatedly stated it would negotiate if the Trump administration lifted sanctions and returned to the JCPOA, and Mr Rouhani himself has declared his willingness to pursue “just, legitimate and respectful negotiations” as long as he remains president.<sup>8</sup> Despite President Donald Trump's provocative and unpredictable bearing, some in Tehran see him as a transactional dealmaker seeking to retrench the US' overseas commitments, so much so that Mr Zarif has drawn a distinction between the US president and his “B-team” (Mr John Bolton, Mr Benjamin Netanyahu and Mr Mohammad bin Salman), which he accuses of warmongering.

Strategic signalling has assumed a more substantial form too. Mr Zarif has, for instance, suggested that the US should stop selling arms to Saudi Arabia and the UAE if it wished to discuss Iran's missile program (although he then seemingly backtracked, saying missiles were Iran's only defensive recourse). He has more recently, though unsuccessfully, offered for Iran to ratify the Additional Protocol entailing tighter nuclear inspections, four years ahead of its 2023 deadline, if US sanctions were lifted. That such statements continue suggests that even for Tehran's hardliners, Mr Rouhani's government remains the best shot at crisis diplomacy.

The JCPOA's other signatories, who oppose the US' withdrawal and unilateral sanctions likewise influence Iran's domestic politics and vice versa. Mr Rouhani's government is increasingly losing faith in the EU3's (Germany, France and

<sup>8</sup> “Rouhani: *be esm-e mozakere kenar-e miz-e taslim neminshinim*” [Rouhani: we'll not surrender for the sake of negotiations], *Tasnim News*, 24 July 2019.

Britain) ability and will to compensate Tehran, chiefly through the Instrument in Support of Trade Exchanges (Instex). Already frail relations with the EU3 could in turn suffer a major setback if Iran's powerful Expediency Council headed by hardline cleric Ayatollah Sadeq Larijani ignores an October deadline by the Paris-based Financial Action Task Force (FATF) to approve the ratification of two remaining terrorism-financing and transnational organised crime conventions. Yet, even Tehran's hardliners for now maintain an interest in keeping the Europeans on side and away from referring Iran back to the Security Council, as transpired in February 2006 to Iran's substantial detriment.

Chinese state-run energy companies continue to load Iranian crude oil (and liquefied petroleum gas), albeit at lower volumes and reportedly in exchange for earlier assistance in developing Iranian energy fields rather than for monetary settlement. Still, China's sanctions-busting in the current circumstances could help mitigate Iran's economic crisis and, ironically, reduce the risk of armed conflict. Furthermore, in the event that Iran's JCPOA non-compliance faces a Security Council referral, China and Russia would be the key veto players standing between Iran and renewed international sanctions. Given that Iran's hardliners prioritise closer relations to Russia and China while their moderate and reformist rivals have generally preferred closer relations with the West, even Mr Rouhani's domestic rivals are likely to avoid any response that might alienate both major powers, including nuclear-related violations that neither power can justify defending on Iran's behalf.

Between 2013 and 2015, despite his distrust of the US, Mr Khamenei helped spur domestic consensus in support of Mr Rouhani's government and the JCPOA. The agreement's perceived defects notwithstanding – its short-term provisions in particular approximated appeasement – the supreme leader had accepted that under the circumstances, negotiations – which, with his full knowledge, first secretly began with the US in 2012 through Oman's mediation – were the least bad option. Even if talks failed, Iran could be seen to have at least attempted diplomacy. If hardline conservatives including the IRGC's top brass moved towards Mr Rouhani's accommodationist position in 2015, faced with a common threat from the Trump administration, it is now Mr Rouhani's government which is cleaving closer to the hardline, including to pre-empt domestic rivals. Moreover, the Trump administration has so far bludgeoned Iran's hardliners and moderates alike with little nuance, including by sanctioning Iran's primary diplomatic interface with the West, Mr Zarif.

This is therefore the context in which the IRGC's current belligerence should be viewed. To be sure, in Mr Rouhani's first term (2013-2017), the IRGC often undermined the president's efforts at détente with the West. But now, despite the very real risks of unintended escalation, the IRGC's military stick complements rather than contradicts the government's diplomatic carrot. Mr Rouhani has even praised the IRGC for seizing the British oil tanker *Stena Impero* and suggested that the world should thank the Guards for ensuring the Gulf's security.<sup>9</sup>

Within one and the same speech, Mr Khamenei ruled out talks with the US, but also explicitly ruled out war, defining resistance in terms of willpower instead.<sup>10</sup> Supreme National Security Council Secretary Ali Shamkhani, Iran's highest-ranking ethnic Arab, has also dispelled the prospects of a hot war given that an economic war is already being waged.<sup>11</sup> Still, none of this rules out Iran's use of limited military measures looking ahead. IRGC Commander Salami has threatened to shift from a defensive to an offensive footing in response to miscalculations in the Strait of Hormuz.<sup>12</sup> Escalation may benefit no one, but it can create leverage for negotiations, if not raise oil prices.

### Iran's potential response going forward

So far, attacks on two occasions blamed on Iran have damaged six oil tankers, Iran has downed a *US Global Hawk* drone, nearly triggering retaliatory strikes, the US has allegedly responded in kind, and Iran has seized a British oil tanker and attempted to seize yet others after UK forces helped impound an Iranian vessel allegedly transporting oil to Syria. Iran-backed militias have similarly targeted assets belonging to the US and its allies in Iraq, Saudi Arabia and elsewhere. Meanwhile, Iran has begun scaling back its nuclear commitments by breaching its 300kg light enriched uranium stockpile limit and raising its enrichment levels beyond the 3.67 per cent cap to 4.5 per cent. Tehran has pointed to the JCPOA's paragraphs 26 and especially 36 to justify these two measures in response to the P5+1's non-compliance. It has now given the European Union another 60-day ultimatum until 6 September to honour its nuclear-related economic commitments before Iran undertakes a third step.

<sup>9</sup> "Rouhani: be esm-e mozakere kenar-e miẓ-e taslim neminshinim" [Rouhani: we'll not surrender for the sake of negotiations], *Tasnim News*, 24 July 2019.

<sup>10</sup> "There will be no negotiations and no war", *Khamenei.ir*, 14 May 2019.

<sup>11</sup> "Iran-US military confrontation won't happen: Shamkhani", *Mehr News*, 19 June 2019.

<sup>12</sup> "Sardar Salami dar jaz'ayer-e se-ganeh: dar surat-e khata-ye mohasebat-ye doshmanan, rahbord-e ma az defa'i be tabajomi taghir mikonad" [Commander Salami on the Abu Musa and Tunb Islands: in the event of miscalculation by enemies, our strategy will shift from defensive to offensive], *Fars News*, 18 July 2019.

Short of abandoning the JCPOA altogether, Tehran still has recourse to a range of technical measures, including: repurposing the Arak Reactor back to its original plutonium separation objectives, raising heavy water production and stockpiling, increasing the quantity and quality of installed centrifuges, including at the Fordow Facility, and enriching uranium at higher levels. While Iran technically requires 20 per cent enriched uranium (its previous threshold) for producing medical isotopes at the Tehran Research Reactor failing supplies from external providers, enriching at this level onwards would likely be considered unambiguous political intent to develop a weapon. During the JCPOA negotiations, the scope of its enrichment program and the nuclear weapon breakout time it implied constituted Tehran's main bargaining chip. At the moment, calibrated escalation in reversible doses both pressures the JCPOA's other signatories (especially the EU3) to help Iran offset US sanctions, and avoids alienating Russia and China. This is so long as Tehran believes it still maintains some measure of support from the JCPOA's other signatories, and absent another Security Council referral.

But the combination of Tehran's hardening stance and its socio-economic stresses, notably dwindling or even stagnating oil exports, may also tempt Iran towards a range of non-nuclear-related responses to force a change in the status quo. Given the central importance of Iran's oil exports, the Strait of Hormuz and its vicinity remain Tehran's primary theatre of retaliation, with consequences for seaborne oil, liquefied gas, petrochemicals and merchandise, including to regions farther afield like South-east Asia. The two ships sabotaged on 13 June were carrying Saudi Arabian and Qatari methanol to Singapore, and Emirati naphtha to Taiwan – two Asian countries with generally positive relations with Iran.

Iran's conventional military advantage lies in its naval capabilities, which are tactically, operationally and strategically geared towards anti-access/area denial. The IRGC may continue attempts to interdict, seize or damage vessels including outside of Iranian territorial waters in the Strait of Hormuz, but is extremely unlikely to sink ships in the absence of full-fledged hostilities. To demonstrate its defiance rather than be seen to fold, Iran may prove even more aggressive during contact with foreign forces increasingly conducting maritime close-protection, raising the likelihood of hostilities with human casualties this time. In this connection, Iran may also further militarise several islands bottlenecking the strait, and through its regional allies target southern Gulf (especially Saudi and UAE) energy infrastructure, US military bases in Iraq and around the Gulf, and Saudi assets, including near the Red Sea.

The probability of conventional military retaliation far beyond the Gulf remains rather low given Iran's force projection capability limits. In regions like South-east Asia, covert operations may instead seek to strike US and potentially Saudi and Israeli interests and 'soft' targets, as occurred when external pressures on Iran peaked around 2012. But this at present remains improbable, absent a similar campaign targeting, for instance, high-value Iranian government military or civilian figures (including by means of Iranian armed opposition groups). Even more improbable but not entirely inconceivable if hostilities subsequently spill over from the Gulf are covert attacks against hostile interests along other major maritime bottlenecks, including the Strait of Malacca. Another separate arena nonetheless entangled with Iran-US tensions is the ongoing Israeli-Iranian military contestation in Syria. How this pans out there, more recently in Iraq, possibly again in Lebanon and eventually even within Iranian territory (including through US strikes) could also prompt Tehran to ramp up retaliatory attacks inside Israeli-controlled territory and against Israeli (and US) interests abroad.

For the moment however, any Iranian covert measures are likelier to assume non-kinetic rather than kinetic forms. Iran-affiliated or Iran-employed hackers have previously targeted Saudi Aramco, major US financial institutions and other commercial and government entities, causing damage on the cheap while maintaining a degree of plausible deniability, although cyber-attacks run the risk of also affecting non-hostile countries. Electronic warfare can include spoofing, which confuses GPS systems aboard unmanned aircraft, redirecting them into Iranian territory as Iran did to a US drone in 2011. Such measures however also put at risk civilian aviation transiting or coasting Iranian airspace. Unidentified interference from within Iran, most likely by the IRGC, has affected even Iranian aviation and internet networks.<sup>13</sup>

## Conclusion

Iran's response going forward clearly depends on and cannot be disentangled from its strategic interaction with the US and the other JCPOA signatories, notably the extent to which the latter continue guaranteeing trade benefits promised by the nuclear agreement. But even taken alone, internal socio-economic pressures and the balance of political power in the domestic arena point to the higher likelihood of certain responses. Despite the growing prominence of hardline voices, Mr Rouhani's government, itself now adopting a harder stance, still maintains control over the country's foreign diplomatic policy where the current crisis is concerned. Even if it may irk Mr Rouhani,

<sup>13</sup> "Suspicions fall on IRGC for dangerous interference with GPS in Iran", *Radio Farda*, 2 July 2019.

the IRGC's current belligerence broadly overlaps with rather than overrides the government's stance by generating leverage shaping any subsequent negotiations.

So long as the JCPOA remains in place, Iran's factions are likely to match tit-for-tat, with cautious calibration, including to eschew nuclear-related violations that Russia and China would be hard-pressed to help Iran defend. On the other hand, should oil exports – an imperfect but important proxy indicator for Iran's socio-economic condition – continue dwindling or merely stagnate, Tehran may opt to militarily escalate around the Gulf to alter the status quo. Should hostilities escalate further still, and the US' maximum pressure campaign acquires a more kinetic dimension whether overt or covert, covert Iranian retaliation, including as far afield as South-east Asia, cannot be ruled out. Meanwhile, Tehran is more likely to resort to greater use of non-kinetic means, especially cyberwarfare, to create additional leverage without inviting large-scale retaliation.

The possibility – faint for now – that a democrat might replace Mr Trump at the White House in 2020 may give Iran additional reason for restraint. But meanwhile, a lot of damage could still be done. And if it persists, the US' current strategy could help pave the way for a very different successor to Mr Rouhani in Iran's 2021 presidential elections, one willing to take far greater risks in Tehran's 40-year confrontation with Washington.

# Summary of Third Session: The Impact on Asia

*Report:* Sara Loo



Four panellists shared their views on the impact of rising tensions in the Strait of Hormuz on Asian economies, which are already under strain due to the United States-China trade war.

## **Mr Gabriel Lim, Permanent Secretary, Ministry of Trade and Industry**

US-Iran tensions are “another cloud in a rapidly darkening sky”, said Mr Lim, as he opened the session by talking about Singapore’s downgrade of its economic growth forecast for 2019 to between 0 and 1 per cent. Reiterating a point that Senior Minister of State for Trade and Industry Koh Poh Koon had made earlier in the day, Mr Lim said that while they were “not negligible”, the impact of tensions in the Strait of Hormuz on Asia would be “manageable”.

One source of concern, however, is the impact that the flouting of an international agreement that parties have entered on a willing basis – the US withdrawal from the Joint Comprehensive Plan of Action (JCPOA) – will have. This has serious implications for small and open economies like Singapore, which are highly reliant on international rules, Mr Lim said.

On a broader scale, this reflects an unwinding of the multilateral trading system on which small countries have depended, and represents a structural shift in the geopolitical environment. Precisely because adherence to international norms is significant to Singapore, Mr Lim drew attention to how international waterways are managed, and reiterated the Republic's condemnation of attacks on tankers in the strait, an international waterway.

**Prof Pan Guang, Director,  
Shanghai Centre for International Affairs**

One possible result of the US-Iran tensions is closer China-Russia relations, as both countries work together to prevent a worsening of the situation in the Gulf, and attempt to persuade the US to return to the framework of the JCPOA, said Prof Pan.

Any disruption to China's oil supply is likely to be limited, he added, citing other sources such as Saudi Arabia, Oman and Iraq. China also imports oil from Russia, Kazakhstan, Turkmenistan and the Far East, where new pipelines are being constructed.

**Mr Hitoshi Tanaka, Chairman,  
Institute for International Strategy, Japan Research Institute Ltd**

Setting out four main implications of US-Iran tensions, Mr Tanaka argued firstly that President Donald Trump's unilateral policies in the Middle East have undermined US credibility – the withdrawal from the JCPOA is but one example of this. Others include moving the US embassy from Tel Aviv to Jerusalem and the recognition of the Golan Heights as Israel's territory. Such unilateral policies would have painful implications for Asia, he said.

Secondly, a “second Cold War” could break out as Iran moves to ally itself with China and Russia, and companies and countries would be forced to choose sides. For instance, Chinese firms with businesses in the US and Iran could withdraw from the US to keep their business in Iran. This could pose a challenge to smaller nations in Asia, who would find it difficult to pick sides between the US and China.

Thirdly, the price of oil could increase if tensions continue to escalate, and Japan could be badly hit as it depends heavily on oil from the Strait of Hormuz.

Finally, the US' withdrawal from the JCPOA has been closely watched by countries such as North Korea. The Americans' unilateral action could thus dissuade Pyongyang from entering into a denuclearisation deal.

Proffering a solution, Mr Tanaka believes Japanese Prime Minister Shinzo Abe could be critical in helping to work out a dialogue between Iran and the US. Japan had played a similar role in mediating relations between the Europeans and Americans in 2004 as a result of differences over Iran's nuclear development.

### **Dr Tilak Doshi, Energy Consultant**

Most of the oil that passes through the Strait of Hormuz, Dr Doshi noted, is bound for Asia, and so any impact of tensions on price will be magnified in the region. He said, however, that the shale oil revolution in the US has upended the energy market, and any impact is likely to be muted.

The price of oil, he reminded the audience, does not depend only on what happens in one region, but on global supply and demand. With the surge in production from the US, this will likely remain fairly stable, he said.

## Papers Presented in Third Session

# US-Iran Tensions: A Japanese Perspective

By **Hitoshi Tanaka**

United States-Iran tensions have been flaring since the Trump administration pulled out of the Iran nuclear deal (Joint Comprehensive Plan of Action, or JCPOA) in May 2018. Recent attacks against a number of oil tankers since May 2019, which the US accuses Iran and its proxies of perpetrating, as well as Iran's shooting down of a US Navy *RQ-4 Global Hawk* drone over the Strait of Hormuz in June 2019, have added further fuel to the fire. And in July 2019, the US proposed the formation of a military coalition to safeguard strategic waters off the coast of Iran, including the Strait of Hormuz.

From Japan's perspective, this series of developments raises a number of questions. What is the US' strategic objective toward Iran? Is the US-led coalition proposal likely to realise this objective? And what are the likely consequences for East Asia?

## Deciphering US objectives

The last time US-Iran relations were this tense was in 2002, when US President George W Bush referred to Iran, Iraq and North Korea as constituting an "axis of evil" in his State of the Union address. This designation was based on the concerns of the Bush administration about the nature of the political regimes in those countries and their intentions to develop weapons of mass destruction. Yet the use of this phrase also appeared to have exacerbated the perception of these countries' threat toward the US.

The international community was split then on what was the best approach to stop Iran from developing nuclear weapons. These divisions came to the fore in the 2004 G8 Summit in the US. The European Union (EU) was in favour of negotiations with the aim of a diplomatic settlement. However, with the US as host, the G8 discussions on non-proliferation were chaired by Mr John Bolton – then under-secretary for arms control and international security at the US State Department and currently national security advisor in the Trump administration. Mr Bolton was against diplomacy and favoured applying maximum pressure on

Iran. I was then Japan's deputy foreign minister and political director for the G8, which left me in the position of bridging the differences between the US and the EU. Ultimately, the US was persuaded to give diplomacy a chance and the negotiations eventually led to the adoption in 2015 of the JCPOA.

It now appears that the US has gone back to its previous approach of applying maximum pressure on Iran. The objective of this maximum pressure approach seems to be not just the denuclearisation of Iran, but also to deter it from supporting terrorist groups, such as Hezbollah and Hamas, and the weakening of its Islamic regime. This approach aligns with the objectives of Israel and Saudi Arabia, and strengthens US' relations with them. The stated objective of the US proposal for a military coalition to safeguard the Strait of Hormuz is to secure the safe transit of commercial ships.

From the Japanese perspective, the military coalition proposal raises a number of concerns. Japan had its own tanker come under attack in the Strait of Hormuz in June 2019 when Prime Minister Shinzo Abe visited Tehran and met with Iranian leader Ayatollah Ali Khamenei in a bid to play the peacemaker between the US and Iran. Mr Abe may again take up this mantle when he attends the United Nations (UN) General Assembly in New York in September 2019.

The critical question is: will maximum pressure and a coalition of willing nations to safeguard shipping actually contribute to peace in the Strait of Hormuz and the Gulf region? There are reasons to be dubious about this. For example, if Iran perceives a coalition operating in the narrow waters off its coast along the Strait of Hormuz as part of a US approach to apply maximum pressure, there is a risk of a strong Iranian reaction to safeguard its sovereignty. This will lead to a further escalation of tensions and increase the risk of an accidental conflict or a war. It is difficult to conclude that a US-led coalition will result in a net increase in the safety of commercial shipping.

## Consequences for Asia

The risk that a US-led coalition seeking to safeguard the transit of commercial shipping in the Strait of Hormuz will increase regional tensions carries potentially calamitous consequences across economic, political and international dimensions.

Economically, there is a risk of increased oil prices and an economic crisis. The militarisation of the Strait of Hormuz would likely provoke further attacks on commercial tankers and this could see the oil price go up to US\$70 or beyond.

The shale oil revolution in the US means that the pain may not be felt as acutely as past oil price spikes. Yet for East Asian nations, it will likely still be painful given their reliance on Middle Eastern oil. For instance, 80 per cent of Japan's oil imports are transported through the Strait of Hormuz. In the case of war breaking out, the impact on the global energy situation would be enormous. A war scenario would also risk a severe global economic crisis, given that global growth is already suffering under the effects of the US-China trade war.

Politically, there is a risk of undermining US credibility. Any resultant escalation of tensions from a US-led coalition operating in the Strait of Hormuz will paint a poor picture of US leadership. The current situation was sparked by the Trump administration's unilateral decision to withdraw from the JCPOA and exacerbated by the US' imposition of sanctions as Iran and the other member countries sought to adhere to the JCPOA. The critical role of US dollars in global markets means that other states have little leeway but to follow suit in implementing sanctions against Iran. But the sanctions have not so far had the desired effect and instead, seems to have motivated Iran to surpass its uranium enrichment limit in violation of JCPOA.

US credibility would also be undermined if an underwhelming number of allies and partners sign on to support the US-led coalition proposal. Japan, for its part, will be hard-pressed to make any direct military contribution to such a coalition, such as sending armed vessels, given its legal restraints on the use of force. Japan seeks to maintain a strong US-Japan alliance to promote regional stability and prosperity. However, the damaging of US credibility will undermine the capacity of the US-Japan alliance to play such a role. This is not to mention the drain on US resources and political attention from increased tensions or war.

Internationally, the situation with Iran will have knock-on effects for the international nuclear non-proliferation regime and the state of denuclearisation negotiations with North Korea. The North Korean leadership will be carefully watching the evolution of the situation with Iran to see under what conditions denuclearisation or war might occur. The US application of maximum pressure against Iran, sustained US-Iran tensions, or the outbreak of war may be perceived by North Korea as reason to be wary of US intentions. In particular, the North Koreans will be on guard against the US pursuing denuclearisation today and regime change tomorrow. This is inauspicious timing as the Trump administration seeks to kick-start US-North Korea denuclearisation negotiations after President Donald Trump and North Korean Leader Kim Jong-un held an impromptu meeting at the Demilitarized Zone on 30 June 2019.

If maximum pressure is conceived of as a tool to renegotiate JCPOA, it could facilitate a positive outcome for the region. But the current developments suggest that maximum pressure – aimed at weakening Iran’s Islamic government – risks an escalation of tensions, accidental conflict, and war. This, in turn, carries a range of possible consequences, including an oil price spike, a global economic crisis, the undermining of US credibility, and negative spillover into denuclearisation negotiations with North Korea. Rather than easily resorting to a militarised approach to dealing with the current US-Iran tensions, all avenues for effective diplomacy should be explored. Japan, as an ally of the US who maintains close dialogue with Iran, should play a special role to enable both nations to come to the negotiating table.

# The Impact of the US-Iran Conflict on East Asia and China

By **Pan Guang**

The United States-Iran conflict somehow strengthens the cooperation among China, the European Union (EU) and Russia, who, in an attempt to prevent the situation in the Gulf from getting worse, have been seeking to persuade the US to come back to the framework of the Iran nuclear deal. Some Asian states like Japan and India have also been trying to help resolve the conflict through mediation.

Getting oil and gas would not be a big headache for China and the rest of East Asia so long as the Strait of Hormuz remains open. For example, even if oil imports from Iran decreases, China can still get enough of it from Saudi Arabia, Qatar, United Arab Emirates, Iraq, Oman and some other countries, with Saudi Arabia and Qatar being its greatest suppliers of crude oil and liquefied natural gas (LNG) respectively. For instance, China National Petroleum Corporation (CNPC), China National Offshore Oil Corporation (CNOOC) as well as China National Petrochemical Corporation (Sinopec), operate smoothly in Iraq, from which China buys around 20 million tonnes of oil on a yearly basis. Even if access to the Hormuz strait is cut off, the land pipelines from Russia and Central Asia, as well as the maritime transport from Australia and South-east Asia to China and East Asia, are still able to supply enough resources.

What really matters is the US' unilateral sanctions. While China and other East Asian states, before the signing of the Iran nuclear deal, supported the sanctions imposed by the United Nations on Iran, some of them, like China, opposed the unilateral sanctions imposed by the US. Almost all countries lifted sanctions on Iran after the Iran nuclear deal was secured in 2015. Now, in view of the fact that the US re-imposed the sanctions and integrated the imposition into domestic law, it is time for companies which have business in both America and Iran to make the choice – whether to leave Iran or to leave America. Some Chinese companies left Iran 10 years ago in the face of the same situation; however, some of them might choose to leave the US this time due to the China-US trade war.

The effect of the US-Iran conflict is that Sino-US cooperation in the Middle East might be enhanced. They currently cooperate in the region in five areas, namely the reconstruction of Iraq, the stability and security of Egypt and Lebanon, the peace talks between the Israelis and Palestinians, reconciliation among the Gulf Cooperation Council member states, especially between Qatar and Saudi Arabia, and the fight against radical jihadists and pirates. In the near future, without China's cooperation, the US may not be able to find possible solutions to the North Korean nuclear issue and carry out military withdrawal from Afghanistan. It is probable that, due to the US-Iran conflict, China and the US may find another new area for cooperation in the Middle East, even in the world.

# US-Iran Conflict: The Impact on Asia

By **Tilak Doshi**

For Asian government planners and defence chiefs, the disruption of tanker traffic in the Strait of Hormuz – or worse, an extended period of the total blockade of the strait – presents a nightmare scenario. Japan's Chief Cabinet Secretary Yoshide Suga, for instance, stated in May 2019 after the tanker attacks in the strait that it is a “matter of life and death of our country in terms of energy security”. In June, there were media reports of government officials in Japan, South Korea and Thailand convening meetings with industry representatives to take stock of inventories and preparedness for disruptions in their oil, gas and petrochemical sectors.

The implications for Asian energy security if the United States-Iran conflict escalates to a military showdown, which affects shipping traffic through the Strait of Hormuz, can be dire. It is thus important that any analysis of such implications be clear and rigorous rather than a basis for offering hyperbolic and over-the-top pronouncements. Sober realism and a sense of context and perspective are critical requirements for analysts and government security establishments.

The world's most important oil choke point located between Oman and Iran, the Strait of Hormuz connects the Gulf with the Gulf of Oman and the Arabian Sea. It is just over twenty nautical miles wide at its narrowest point, and has two shipping lanes – one in each direction – each about two miles wide. However, the strait is deep enough for ships to take alternative routes if shipping lanes are blocked.

Iranian officials have often made threats<sup>1</sup> to the security of the shipping, but the government has never actually attempted to close the strait. The strait, thus, has never been blockaded, although shipping traffic was badly affected during the “Tanker War” phase of the 1980-1988 Iran-Iraq war.

The recent spate of tanker attacks and vessel seizures has heightened the sense of vulnerability of Asian countries to disruptions of their oil and gas supplies

<sup>1</sup> Crisis Group, Global, Flashpoint, 19 August 2019, <https://www.crisisgroup.org/trigger-list/iran-us-trigger-list/flashpoints/hormuz>.

from the Middle East. The Strait of Hormuz accounts for an estimated 30 per cent of globally traded crude oil and refined products. According to BP data,<sup>2</sup> it also accounts for about 30 per cent of the global liquefied natural gas (LNG) trade.

Some 80 per cent of oil exported by the Middle East via the Strait of Hormuz heads “east of Suez”, of which the largest markets are accounted for by China, India, Japan, South Korea and Singapore. The Asia-Pacific region depends on the Middle East for over 60 per cent of its oil imports. Out of 45 million barrels per day (bpd) of global crude imports in 2018, Asian imports from the Middle East account for close to 15 million bpd. Within Asia, levels of dependence on Middle East oil vary among countries. China imported 45 per cent of its crude oil imports from the Middle East; for India, Middle East dependence was 65 per cent; while for Japan, it was 87 per cent.

For imports of LNG, the Asia-Pacific region’s dependence on Middle East sources is significantly less, at 30 per cent. Competing LNG from Australia, Malaysia and Indonesia within the region accounted for other major sources of Asian imports. LNG import ratios vary by country, however, with India getting 55 per cent of its LNG from the Middle East, compared to China’s 18 per cent, South Korea’s 42 per cent and Thailand’s 48 per cent.

## Potential Impacts on Asia

In short, Asia depends heavily on the Middle East for its supplies of oil and gas, the lifeblood of its economic well-being. But it is important to avoid a superficial reading of Asian dependence on the physical supply of oil from the Middle East. This fundamentally misunderstands the nature of global oil markets. Because oil is sold in fungible global markets, its price in Asia is linked to its price everywhere else. To put it alternatively, it does not matter how much of oil consumed in Asia comes from the Middle East. What matters is the global oil price, which in turn depends on global supply and demand. Any disruption of oil flows anywhere affects oil consumers everywhere.

Nevertheless, it is also important to note that the bulk of Asia’s oil imports of Middle Eastern oil are based on long-term oil contracts with national oil companies of Saudi Arabia, Kuwait, United Arab Emirates and others. Disruptions to supplies from the Middle East would impose significant costs over and above the impact of oil price increases caused by such disruptions.

<sup>2</sup>BP news release, “BP Statistical Review of World Energy 2019: an unsustainable path”, 11 June 2019, <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-statistical-review-of-world-energy-2019.html>.

These include costs to switch from established term contracts with Middle East suppliers to new contracts with oil suppliers from other regions.

LNG markets are not as fungible as oil markets, given that much of the supply is based on very long term (20-25 years) contracts which specify destination restrictions and limits to flexibility in volumes being delivered over time. Thus, disruptions to LNG supply would impose greater costs relative to more fungible oil markets; inter-regional LNG prices can often diverge considerably more than those for oil markets.

Oil and LNG differ in another important way. Oil is far more easily stored as emergency supplies compared to LNG. LNG is usually transported at a temperature very close to its boiling point at atmospheric pressure (approximately minus 160C). While most countries in Asia have some level of emergency stocks<sup>3</sup> (of crude oil and/or refined products), few have the wherewithal to store natural gas, either in its liquefied or gaseous forms. While storing gas as LNG is expensive (given that it needs to be stored cryogenically, that is at a very low temperature so that it remains liquid), natural gas is usually stored underground in depleted gas reservoirs, aquifers, and salt caverns.

The impact of oil supply disruptions has been a subject of intensive study among economists since the oil price shocks of the 1970s. One early study on the oil price impact of supply disruptions in Asia (in 2004) by the Asian Development Bank estimated that a sustained US\$10 per barrel price increase would reduce gross domestic product (GDP) in China by 0.8 per cent, in Singapore by 1.7 per cent, and in Thailand by 2.2 per cent. Consumer prices would increase by 0.5 per cent, 1.3 per cent and 1.5 per cent respectively in these three countries.

Global GDP growth has weakened, and the International Monetary Fund's recent forecast<sup>4</sup> has downgraded its projected growth for 2019 to 3.2 per cent. Global growth for 2018 is estimated at 3.6 per cent. Growth has weakened most notably in Europe and Asia. While economic growth in Asia<sup>5</sup> slowed in 2018

<sup>3</sup> Tilak Doshi and Sammy Six, *Joint Oil Stockpiling between Middle East Exporters and Northeast Asian Importers: A Winning Formula?*, 1 April 2017, <https://www.kapsarc.org/research/publications/joint-oil-stockpiling-between-middle-east-exporters-and-northeast-asian-importers-a-winning-formula/>.

<sup>4</sup> "World Economic Outlook Update, January 2019", World Economic Outlook Reports, International Monetary Fund, January 2019, <https://www.imf.org/en/Publications/WEO/Issues/2019/01/11/weo-update-january-2019>.

<sup>5</sup> *Asian Development Outlook 2019*, April 2019, <https://www.adb.org/sites/default/files/publication/492711/ado2019.pdf>.

to 5.9 per cent, it is expected to slow further to 5.7 per cent this year and 5.6 per cent in 2020. China, in particular, is showing signs of economic weakness, as the US-China trade conflict escalates. Domestic factors in India also point to a slowdown in its economy.<sup>6</sup> Analysts<sup>7</sup> suggest<sup>8</sup> that the chance of a global recession has markedly increased as the damage of the US-China trade war has now worsened with the charge of Chinese currency manipulation by the US Federal Reserve.

At a time when economic growth is weakening in Asia, the potential macro-economic impacts of oil supply disruption are magnified. Higher crude oil prices due to disruption to tanker traffic in the Strait of Hormuz would lead to the weakening in the balance of payments of vulnerable economies such as India, Indonesia and the Philippines. The inflationary impact of higher international energy prices and weakening currencies would place central banks in the difficult role of trying to balance reduced GDP growth rates and rising inflation. It would also lead to pressures on governments to re-introduce fuel subsidies in some developing Asian countries to protect poorer segments of their populations.

Yet one should not make too much out of this possible sequence of adverse macroeconomic impacts. When reports of attacks on two tankers in the Gulf were reported on 13 June this year, oil prices spiked up 4 per cent the next day. However, the focus quickly shifted back<sup>9</sup> to the anxiety over an impending global recession and fears of falling oil demand. Oil prices now are at their lowest levels since January, with Brent crude recently trading at below US\$57 per barrel.

Apart from concerns about falling oil demand and fears of global recession, there is a structural feature of the current “bear” oil and gas markets that limits risk premiums related to potential supply disruptions. This refers to the US shale revolution which has upended energy geopolitics and catapulted the US into the world’s largest oil producer and one of the world’s largest emerging exporters

<sup>6</sup> “Slowdown Blues: Indian economy slowed down in FY19 due to decline in private consumption, says govt”, *Business Today*, 8 May 2019, <https://www.businesstoday.in/current/slowdown-blues/india-economy-slowed-down-in-fy19-due-to-decline-in-private-consumption/story/342820.html>.

<sup>7</sup> Nirmal Ghosh, “Analysts hit by recession anxiety”, *The Straits Times*, 10 August 2019, <https://www.straitstimes.com/world/united-states/analysts-hit-by-recession-anxiety>

<sup>8</sup> “Slowdown Blues”, *Business Today*.

<sup>9</sup> Nick Cunningham, “Oil Markets Shrug Off Gulf Of Oman Tanker Attacks”, OilPrice.com, 14 June 2019, <https://oilprice.com/Energy/Crude-Oil/Oil-Markets-Shrug-Off-Gulf-Of-Oman-Tanker-Attacks.html>

of LNG within a remarkably short period of time. The hydraulic fracturing – or “fracking” – process of injecting liquids at high pressure into subterranean shale rock to widen fissures and extract oil and gas has led to one of the most profound transformations of the global energy industry in modern times.

While Saudi Arabia and its Organization of the Petroleum Exporting Countries (Opec) allies to a lesser extent are the “swing” producers, managing the market by strategically curtailing or increasing production to attain a “target” price range, the US has emerged as the world’s marginal oil producer. It supplies the marginal barrel of oil and hence, its shale oil producers are key to determining global oil prices. It is also a rapidly emerging major exporter of LNG, as new export projects lead the US to challenge current leading suppliers Qatar and Australia.

### **The Downsides of Energy Security Hysteria**

Forty-two years ago, President Jimmy Carter delivered his Address to the Nation on National Energy Policy, better known as the “Moral Equivalent of War” (Meow) speech. He offered a litany of dark predictions which never came to pass. The hysteria over energy security led to energy policies in the US that, in hindsight, were counter-productive and hugely wasteful.

It is therefore critical to learn from the history of energy analyses which has had its share of false prophets. From the Club of Rome’s doom-laden prognostications in the 1970s to US Congresswoman Alexandria Ocasio-Cortez’s Green New Deal and “12 years left”, there has been a surfeit of poor, if not foolish, policy advice.

To be sure, the US-Iran conflict and its potential impact on the free passage of shipping in the Gulf bears close watching. It requires careful preparations for mitigating fuel supply disruptions and an active involvement of key Asian countries in providing security in the Gulf. It also requires sound economic policies which harness the power of free markets and unhindered capital flows to support needed investments in the oil and gas sectors. But, above all, we need to keep our wits about us.

# Summary of Closing Session: Media Competition

*Report: Lim Wei Chean*



Four panellists discussed how the narratives surrounding the two countries and their actions shaped perceptions and hindered greater understanding of the issues involved.

## **Ms Holly Dagres, Non-Resident Fellow, Middle East Security Initiative, Atlantic Council Scowcroft Centre for Strategy and Security**

Despite what the media has reported, Ms Dagres believes that Iran has not changed its “malign” behaviour, nor has it undergone regime change. It has not come to the negotiating table, and in fact, is acting like a lion lashing out.

One thing that disturbs Ms Dagres is that media reports in the United States constantly deride Iran for pulling back on its commitment to the Joint Comprehensive Plan of Action (JCPOA) and violating the nuclear deal. However, the reports do not mention that the US unilaterally withdrew from the pact, and that Iran has the right to violate its terms if sanctions were imposed.

Also, she added, most media reports focus so much on what sanctions and the policy of “maximum pressure” will do to Iran that they do not really tell of the impact of these sanctions on the Iranian people. The Iranian population is the one that is hurting the most – some families cannot get by, and access to medication is the biggest issue right now.

### **Ms Ellie Geranmayeh, Deputy Director, MENA Programme, European Council on Foreign Relations**

The Europeans are in the same dilemma as many Asian economies, said Ms Geranmayeh. They struggle between wanting to naturally side with their ally in the White House and taking the stand that Iran has been abiding by the JCPOA.

Unlike in the US, Iran is not a toxic issue in European policy or public debate, she said. And one silver lining that has emerged is greater awareness and debate in the European Union over its autonomy on trade and foreign policy issues. The exodus of European companies from Iran following American’s unilateral sanctions shocked the European political elite, as they did not think a unilateral American action would have such a devastating effect.

### **Mr Meir Javedanfar, Senior Research Fellow, Ezri Centre for Iran and Persian Gulf Studies, University of Haifa**

Mr Javedanfar said the biggest problem with Iran now is that the government is not allowed by the regime to do its job. For example, he cited that 60 per cent of the Iranian economy is not in the hands of the government.

He added that Iran has also created an enemy out of Israel when it didn’t need to.

### **Mr Esfandiyar Batmanghelidj, Founder, Bourse & Bazaar**

Why is America’s economic war against Iran not working? Mr Batmanghelidj said the key reason is the dearth of knowledge about Iran’s economy. He argued that without accurate and insightful knowledge guiding policymaking, governments will not be able to achieve their objectives.

Firstly, there is insufficient economic and financial reporting on Iran’s economy. Even though there is a strong foreign correspondent core in Tehran, the overarching editorial focus of international media, even from the likes of *Financial Times* and *Bloomberg*, is on political and social conditions in Iran.

Secondly, academic and economic studies of Iran are significantly underfunded and lack institutional support in the US, Europe, or anywhere in the world. A small pool currently exists, most of whom are of Iranian descent, but it is hampered by lack of support. And thirdly, there is no culture of transparent corporate communications as a result of the various economic sanctions against Iran.

Adding on to Iranian Deputy Minister of Foreign Affairs Kazem Sajjadpour's comments on the need to "de-emotionalise" and "de-politicise" knowledge during the question and answer segment, Mr Batmanghelidj said more people from around the world need to be encouraged to study Iran just because it is professionally fulfilling and interesting. It is only when more people without emotional connections or institutionalised agenda join the field that more accurate and neutral knowledge can be created.

## Papers Presented in Closing Session

# We Don't Understand Iran's Economy

By **Esfandiyar Batmanghelidj**

Give officials in the United States and Europe a simple quiz about the Iranian economy and they will fail. They will fail to answer fundamental questions: What is the composition of the Iranian economy? Who sets the economic policy and who influences the policymakers? How do monetary and fiscal policies explain Iran's economic resilience? How does Iran use its foreign exchange reserves? Is Iran's trade with China growing at the expense of its trade with Europe? What does the Iranian public think about the state of the economy?

As they grapple with the quiz, the officials, including those few individuals who are tasked to track economic developments for the benefit of their colleagues, will respond to the questions with references to macroeconomic data and anecdotal accounts – but the complete answers will elude them.

The disappointing grade that the officials would receive on the quiz reflects the fact that economic diplomacy remains an afterthought of foreign policy. But considering that the US is engaged in an “economic war” with Iran, and considering the impact of this economic war and its sanctions on the multilateral nuclear deal and security in the Middle East, the inability to adequately answer these questions is remarkable and a concerning instance of the “fog of war”.

The aggressor in this economic war – the US – is implementing its sanctions policy on the basis of a very crude understanding of Iran's economy. Should the goal of that policy be to simply cause havoc, a crude understanding will suffice. But if the US is serious about using sanctions as a tool to coerce Iran to change its behaviour, or by extension, if the US decides to one day use economic inducements to incentivise Iran to change its behaviour, a nuanced understanding of Iran's economy will have a direct bearing on the probability of success. A similar determination must be made about those countries belatedly seeking to defend their economic ties to Iran in the face of US secondary sanctions – a poor understanding of Iran's economy has comprised their defence.

US President Donald Trump's economic war on Iran has had at least one positive impact. It has helped policymakers in the US, Europe, and even Iran to realise the fundamental role that the economy plays in shaping how the foreign policies and national security strategies of Iran and global actors intersect. These actors are now scrambling to develop a more sophisticated understanding of Iran's economy, calling upon the expertise of those individuals in Iran, Europe, and even the US who do possess important insights. But if a deeper understanding of Iran's economy is to truly underpin policymaking, institutional efforts that improve how knowledge about Iran's economy is produced and disseminated in three areas – business and financial journalism, academic research, and corporate communications from companies active in the market – will be required.

## Business and Financial Journalism

The world's leading media outlets extensively report upon Iran and there remains an experienced and productive corps of foreign correspondents based in Tehran. But the overwhelming editorial focus of foreign reporting from Iran is the politics, rather than the economics, of the country. This bias extends even to *Bloomberg* and *Financial Times*, the powerhouses of global business journalism. While it is common to see reports on issues such as currency devaluation or rising inflation, particularly with regard to the impact of sanctions, these reports tend to present a vox populi view of economic issues. There remains remarkably little reporting about economic policy in Iran or developments in either financial markets or industrial sectors. The lack of detailed coverage on these topics from the world's leading publications is perhaps best illustrated by comparing reporting on Iran to that on Russia and Turkey.

Cognisant of the limitations of foreign reportage on Iran's economy, there have been efforts by Iranian publishers to increase the availability of English-language reporting on Iran's economy. Iran's leading financial newspaper *Donya-e Eqtesad* operates the English-language *Financial Tribune*. While useful for presenting business and economic news in English, the analytical content that makes *Donya-e Eqtesad* a formidable resource is largely absent from the output of *Financial Tribune*. Sector-specific publications have been somewhat more successful, particularly in the case of the start-up sector where several publications have emerged sharing detailed news and analysis about specific companies and market trends.

Of course, the lack of journalistic focus on Iran's economy is itself a product of the country's economic isolation. One of the main commercial drivers of financial reporting is demand for information from international investors –

who have no real footprint in Iran. But if the intention of the current editorial focus on Iran is to inform global readers about the phenomena driving Iran's political decisions and security strategy, it is a significant oversight not to examine economic precursors in more detail. More effective reporting on Iran from a "world affairs" perspective requires grappling with the complex narratives of the Iranian economy.

## Academic Research

If the purpose of business and financial journalism is to explain the outputs and outcomes of the complex machine that is Iran's economy, the role of academic research is to reveal how that machine works, and thereby to provide some predictive analysis.

There is a small contingent of professional economists in the US and Europe who work on Iran's economy. These individuals are overwhelmingly of Iranian heritage, and tend to look at Iran's economy as just one part of their research focus, due to a lack of institutional and financial support available for Iran-specific research that is focused on the economy rather than on political or security issues. Though informally connected for decades, these economists have recently sought to formalise into a research community through the creation of the International Iranian Economists Association (IIEA), which holds an annual conference that enables participants to exchange notes on research projects.

Importantly, the IIEA also seeks to build bridges with economists from Iranian institutions, especially by providing younger Iranian academics opportunities and support to publish and present their research internationally. Whereas the study of the Iranian economy by economists based outside of Iran remains relatively ad hoc, governed less by a shared research agenda and more by the personal curiosities of the individual economists, there has been a more organised approach to research within Iran, where there is a tendency to apply analytical models developed abroad to test hypotheses about the Iranian economy, often in a comparative framework. Economists within Iran have also sought to demystify economic policymaking within key Iranian institutions such as the Central Bank of Iran.

But the originality and quality of the external research on Iran's economy has not been married with the comprehensiveness of the internal research. Complicating matters, both external and internal researchers struggle with the lack of quality data about the Iranian economy – many of the most valuable contributions to the field have centred on the creation of new data sets.

Moreover, both groups of researchers struggle to communicate their findings to non-specialist audiences. Economists within Iran enjoy more platforms to share their analysis for non-specialist audiences than those based abroad – in part because of the editorial blind spots described above. But regrettably, few economists focused on Iran have made themselves available to journalists as a matter of priority, and as a result, the conception of the Iranian economy tends to lag behind research findings. For example, Iran is widely perceived to have an oil economy, when in fact oil accounts for around 20 per cent of gross domestic product (GDP) – a result of trends that began more than a decade ago and which have been the subject of extensive study.

If academic research is to inform the wider understanding of Iran's economy – empowering policymakers and commercial operators as well as the general public – it will require stronger institutional support for the study of Iran's economy. Greater funding must be made available so that economists with an interest in Iran can gainfully pursue an Iran-focused research agenda. Cross-disciplinary outreach is necessary to help demonstrate the salience of economic insights to the political and sociological study of Iran, as well as more topical research areas such as the growing body of academic work on sanctions. Finally, the research findings of economists working on Iran should be much more proactively translated into insights for non-specialist audiences through the publishing of research notes, provision of commentary to journalists writing on Iran's economy, participation in public and private meetings for non-academic audiences, and the use of social media to reach interested audiences.

## Corporate Communications

If academic research helps explain how the complex machinery of Iran's economy works, then it is the role of enterprises and investors to build that machinery. We can therefore learn a great deal about Iran's economy from the companies' own outreach and explication. But the discipline of corporate communications remains underdeveloped in Iran.

On one side, Iranian companies have yet to adopt best practices when it comes to corporate communications and investor relations. Many large and important enterprises have little more than a website and an occasional interview by a senior executive to shed light on their role in their sector and developments in the sector at large.

On the other side, the foreign companies active in Iran, which better understand the importance of corporate communications, have been deterred from

sharing information about their operations in Iran due to the reputational risks associated with sanctions campaigns. While many companies have maintained entirely legitimate and remarkably successful business operations in Iran in the sanctions period, most of these operations are essentially invisible for those outside of Iran. There is little content published about the scale and nature of multinational operations in Iran and almost no active engagement of business and financial journalists, contributing to the dearth of journalism on corporate affairs. In the absence of such information, US officials have had a free hand to characterise Iran's economy as unusually opaque and corrupt, when it is probably only as opaque and corrupt as other developing economies – a reality understood by the foreign companies that stubbornly operate in Iran.

These dynamics had shifted somewhat during the period immediately following the implementation of the nuclear deal. Several of the European large corporations active in Iran began to engage in communications activities to highlight their market activities, in part to demonstrate to Iranian stakeholders a kind of pride about their market presence or market entry. But with the re-imposition of sanctions by the US, companies are once again skittish. It is often the case that the only information proactively provided by multinational corporations active in Iran is contained in the regulatory disclosures required of companies publicly listed in the US.

For both Iranian and foreign companies, corporate communications are often intermediated by organisations such as chambers of commerce. The Tehran and Iran Chambers of Commerce have significantly increased their use of in-house publications to share the consensus of member companies about economic matters in Iran. Notably, the chamber has used surveys to draw out insights about business sentiment on the economy and on government policy. Bi-national chambers and industry associations are somewhat less sophisticated in these areas due to a lack of resources, but it is not uncommon for the leadership of these organisations to provide interviews to journalists whereas most executives of leading Iranian companies would not.

As a result of these shortcomings in corporate communications, an understanding of the most important commercial enterprises in Iran, the nature of their ownership, their product offering, and the general status of key industries and sectors is really available only to those individuals or organisations with a presence in Iran who enjoy access to business networks. For this reason, corporate Iran remains a black box for both journalists and economists alike. The dominant narratives on Iran's economy and the main areas of research are remarkably devoid of company-level insights.

## Conclusion

As Iran and the US find themselves on the verge of a military conflict, it may seem ridiculous to suggest that developing a more sophisticated understanding of the Iranian economy is essential to finding a pathway to diplomacy. But this moment of crisis emerged from the failure of sanctions relief following implementation of the Joint Comprehensive Plan of Action (JCPOA), the hardship of the economic war now being waged by Mr Trump, and the inability of the remaining parties of the nuclear deal to meet their basic economic commitments to Iran. Until policymakers are empowered with the insights generated by more business reporting, more academic research, and more transparent corporate communications, they will find their foreign policy and national security strategies inadequate to the task of securing peace.

# The Trump Administration's Erratic Iran Policy Hasn't Changed Iran's Malign Behaviour

By **Holly Dagres**

United States President Donald Trump has always advocated<sup>1</sup> talking to Iran. As early as 2011, the business mogul claimed to be open to talking to hardline Mr Mahmoud Ahmadinejad, then Iranian prime minister. Even so, Mr Trump never trusted former President Barack Obama's ability to negotiate with Iran. Mr Trump would later call the 2015 multilateral nuclear agreement a "bad" and "disastrous" deal.

As a 2016 Republican presidential candidate, Mr Trump campaigned on making a "better deal" than his predecessor. Mr Trump's suggested approach<sup>2</sup> at the time, is not entirely different from his current Iran policy: "double up and triple up the sanctions and have them come to us". Despite this, the incoherence of the Trump administration's Iran policy makes its end goal unclear.

During his first year as president, Mr Trump toyed with the idea of withdrawing from the Joint Comprehensive Plan of Action (JCPOA). After numerous cabinet reshufflings during 2017, former US Ambassador to the United Nations John Bolton – one of the architects of the disastrous 2003 Iraq War and a known Iran hawk pushing for regime change – joined as national security advisor in April 2018. Less than a month later, the US abrogated the JCPOA on 8 May 2018. The blueprint for withdrawal was based<sup>3</sup> off of Mr Bolton's "Iran nonpaper", which listed ways the US could safely pull out of the JCPOA and pressure Tehran.

<sup>1</sup> Holly Dagres, "Donald Trump's Art of the Iran Deal", *The Cairo Review of Global Affairs*, 4 November 2016, <https://www.thecaireview.com/tahrir-forum/donald-trumps-art-of-the-iran-deal/>.

<sup>2</sup> Colin Gorenstein, "Donald Trump has all the answers to the Iran nuclear crisis: 'The Persians are great negotiators' – we're just sending the 'wrong people'", *Salon*, 1 July 2015, [https://www.salon.com/2015/07/10/donald\\_trump\\_has\\_all\\_the\\_answers\\_to\\_the\\_iran\\_nuclear\\_crisis\\_%E2%80%9Cthe\\_persians\\_are\\_great\\_negotiators%E2%80%9D\\_were\\_just\\_sending\\_the\\_wrong\\_people/](https://www.salon.com/2015/07/10/donald_trump_has_all_the_answers_to_the_iran_nuclear_crisis_%E2%80%9Cthe_persians_are_great_negotiators%E2%80%9D_were_just_sending_the_wrong_people/).

<sup>3</sup> John R Bolton, "How to Get Out of the Iran Nuclear Deal", 28 August 2017, *National Review*, <https://www.nationalreview.com/2017/08/iran-nuclear-deal-exit-strategy-john-bolton-memo-trump/>.

In the weeks following, on 21 May 2018, Secretary of State Mike Pompeo announced<sup>4</sup> a list of 12-point demands, which included, among other things, curbing Tehran's malign behaviour in the Middle East and ending its nuclear and ballistic missile programs – all part of an effort to make Iran behave like a “normal country”. Known as the maximum pressure policy, it seems to be partly inspired<sup>5</sup> by Mr Peter Schweizer's book, *Victory: The Reagan Administration's Secret Strategy that Hastened the Collapse of the Soviet Union*, which as its title denotes, how former President Ronald Reagan's policies led to the USSR's collapse. The broad demands – which, as of October 2018, also include improving<sup>6</sup> human rights – make it unrealistic to assume that Iran would follow through, particularly since the demands appear to be a veiled effort at regime change.

After the May 2018 withdrawal, and ignoring the fact that Iran continued to abide by the JCPOA, the Trump administration unilaterally re-imposed sanctions on all elements of the Iranian government and economy, and even went as far as designating the Islamic Revolutionary Guard Corps (IRGC) as a foreign terrorist organisation – going against the advice of the US intelligence community that this would put American forces in the Middle East at risk. However, the biggest blow to Tehran was the Trump administration's push to cut all Iranian oil exports to zero. After briefly granting sanctions waivers to key Iranian oil purchasing countries – China, India, Japan, Turkey and South Korea – the US cancelled<sup>7</sup> them on 2 May.

Up until then, the Trump administration's all sticks policy of ratcheting up pressure was, in their own words, an effort to change Tehran's malign behaviour and bring the country to the negotiating table. However, it's worth noting that amongst some officials, there were also hopes that perhaps it would, in the parlance<sup>8</sup> of Secretary Pompeo, bring about an “economic collapse” or “lead

<sup>4</sup> Michael R Pompeo, “After the Deal: A New Iran Strategy”, 21 May 2018, US Department of State, <https://www.state.gov/after-the-deal-a-new-iran-strategy/>.

<sup>5</sup> Mike Giglio, “Trump's New Iran Strategy, Inspired By the Cold War, Calls for ‘Maximum Pressure’”, 25 September 2018, *BuzzFeed News*, <https://www.buzzfeednews.com/article/mikegiglio/trump-officials-are-reading-a-book-about-the-cold-war-for>.

<sup>6</sup> Noah Annan, “Pompeo Adds Human Rights to Twelve Demands for Iran”, Atlantic Council, *Iran Source*, 28 October 2018, <https://www.atlanticcouncil.org/blogs/iransource/pompeo-adds-human-rights-to-twelve-demands-for-iran>.

<sup>7</sup> Lesley Wroughton, Humeyra Pamuk, “U.S. to end all waivers on imports of Iranian oil, crude oil price jumps”, 22 April 2019, *Reuters*, <https://www.reuters.com/article/us-usa-iran-oil/us-to-end-all-waivers-on-imports-of-iranian-oil-crude-price-jumps-idUSKCN1RX0R1>.

<sup>8</sup> Michael R Pompeo, “Interview with Roxana Saberi of CBS News”, 13 February 2019, <https://www.state.gov/interview-with-roxana-saberi-of-cbs-news/>.

the Iranian people to rise up and change the behaviour of the regime”. That is, until President Trump changed his own tune, claiming he was open to talking to Tehran – regardless of its behaviour and actions – thereby undermining what his own officials had been saying publicly all along – even while the US continues to pile on sanctions. Thus, since June, the Trump administration has offered<sup>9</sup> to sit down with Tehran with “no preconditions”.

The mixed messages have been perplexing to say the least. If that is the point – to cloud Iran’s judgement – it’s not exactly working and only exacerbating tensions in the Gulf region.

The goal of zero Iranian oil exports – which Iran calls economic warfare – prompted threats<sup>10</sup> of cutting the world’s access to the strategic Strait of Hormuz, which 20 per cent of the world’s oil passes through. In the months following the final waiver cancellations in May, Iran has indirectly attempted to close the strait by sabotaging oil tankers, and even seizing two tankers – a Panamanian-flagged vessel (that it claims was oil smuggling) and a British-flagged vessel in retaliation<sup>11</sup> for the British seizure of an Iranian oil tanker off the coast of Gibraltar on 4 July.

Similarly, when it comes to Iran’s proxy groups, there’s no real sign of them losing their relevance with Tehran. The Obama era multilateral sanctions during 2011-2016 are a real measure that Tehran does not change its behaviour under pressure. Iran not only propped<sup>12</sup> up the Bashar al-Assad regime in Syria, it fought the Islamic State of Iraq and al-Sham (IS), and armed Houthi rebels in Yemen – all while under the most punitive sanctions regime it ever faced. As Congressional Research Service Iran Analyst Kenneth Katzman noted:<sup>13</sup> “Events and trends demonstrated just the opposite or, at best, suggest that sanctions and Iran’s regional influence are independent of each other.”

<sup>9</sup> Edward Wong, “Trump Administration Says It Will Negotiate With Iran With ‘No Preconditions’”, 2 June 2019, *The New York Times*, <https://www.nytimes.com/2019/06/02/world/middleeast/us-iran-mike-pompeo.html>.

<sup>10</sup> Arasalan Shahla, Ladane Nasser, “Iran Raises Stakes in U.S. Showdown With Threat to Close Hormuz”, 22 April 2019, *Bloomberg*, <https://www.bloomberg.com/news/articles/2019-04-22/iran-will-close-strait-of-hormuz-if-it-can-t-use-it-fars>.

<sup>11</sup> Najmeh Bozorgmehr, “Eye for eye’ ideology behind Iran’s seizure of UK tanker”, 21 July 2019, *Financial Times*, <https://www.ft.com/content/398c9e32-ab8c-11e9-8030-530adfa879c2>.

<sup>12</sup> Kenneth Katzman, “Under US Sanctions, Iran Regional Influence Grows”, 26 July 2019, Atlantic Council, *Iran Source*, <https://www.atlanticcouncil.org/blogs/iransource/under-us-sanctions-iran-regional-influence-grows>.

<sup>13</sup> Katzman, “US Sanctions.”

Today, the IRGC still maintains a presence in Syria, while Iran-backed Houthi rebels continue to push back against the Saudi-led coalition. Though some articles point to Hezbollah's financial cutbacks, there is neither evidence of it losing its clout<sup>14</sup> in Lebanon nor abandoning its presence in Syria. As *The New York Times* recently explained:<sup>15</sup> "Recent history suggests that financial pressure on Iran does not necessarily lead to military cutbacks."

The point of the JCPOA was to maintain the peaceful nature of Iran's nuclear program, but with the US withdrawal and re-imposition of sanctions, there has been less incentive for Tehran to stay within the boundaries of the accord. It's worth noting that per Article 26 of the JCPOA, Iran has the right to "cease performing its commitments under this JCPOA in whole or in part", if sanctions are re-imposed. With that in mind and little deliverance<sup>16</sup> on the part of Europe of a special purpose vehicle that would circumvent said sanctions, Tehran has felt the need to push back by increasing its uranium enrichment in recent months.

Despite using unilateral pressure, the US has not caused Iran's economy to collapse, but crumble – though it's worth noting that corruption and mismanagement also play a role. The national currency, the Iranian rial, has lost 70 per cent of its worth<sup>17</sup> since May 2018. The International Monetary Fund reports that the Iranian economy will contract 6 per cent – merely a recession. Regardless, if Iran continues with reforms and better economic planning, it can likely float<sup>18</sup> with a minimum of petroleum export revenue of 720,000 barrels per day or US\$17 billion.

On a domestic front, things look all the more different. From the get-go, hardliners were vehemently against the JPCOA and warned that the Rouhani

<sup>14</sup> Nicholas Blanford, "Hezbollah Won't Stand Down in a US-Iran Conflict", 2 July 2019, Atlantic Council, *Iran Source*, <https://www.atlanticcouncil.org/blogs/iransource/hezbollah-won-t-stand-down-in-a-us-iran-conflict>.

<sup>15</sup> Ben Hubbard, "Iran's Allies Feel the Pain of American Sanctions", 28 March 2019, *The New York Times*, <https://www.nytimes.com/2019/03/28/world/middleeast/iran-sanctions-arab-allies.html>.

<sup>16</sup> Associated Press, "Iran says it is ready to enrich uranium beyond nuclear deal levels", 6 July 2019, *The Guardian*, <https://www.theguardian.com/world/2019/jul/06/iran-says-it-is-ready-to-enrich-uranium-beyond-nuclear-deal-levels>.

<sup>17</sup> Frud Bezhan, "Dollar in 'Tears'? Iran Celebrates Rial Rally", 3 October 2018, *Radio Free Europe, Radio Liberty*, <https://www.rferl.org/a/dollar-in-tears-iran-celebrates-rial-rally/29523747.html>.

<sup>18</sup> Mohsen Tavakol, "Iran's Crude Oil Exports: What Minimum Is Enough To Stay Afloat?", 16 July 2019, Atlantic Council, *Iran Source*, <https://www.atlanticcouncil.org/blogs/iransource/iran-s-crude-oil-exports-what-minimum-is-enough-to-stay-afloat>.

administration should never trust the US. Their feelings were validated once the US pulled out of the nuclear agreement. Some hardliners have continued to pressure and blame Mr Hassan Rouhani, even going as far as attempting to impeach<sup>19</sup> Foreign Minister Mohammad Javad Zarif in November 2018 for getting them into this mess in the first place as the country's lead nuclear negotiator. Though there are qualms between factions on how to take on the US, the unilateral pressure on Tehran in recent months has led to a rally-around-the-flag effect<sup>20</sup> as Iranians are banding together to push back against what they view as a Western imperialist threat forcing its ways.

If the Trump administration's goal has been to change Iran's malign behaviour, it hasn't succeeded. The so-called "maximum pressure" policy has instead caused Tehran to lash out.

With that in mind, if some form of a diplomatic meeting takes place – irrespective of the Trump administration's erratic Iran policy – it would be an opportune moment to ease regional tensions. But if North Korea is any indicator, talking to Tehran – which the president has always advocated for – will likely not lead to anything groundbreaking. A meeting will merely be an image boost ahead of the 2020 elections – and for Trump that's enough.

<sup>19</sup> *Radio Farda*, "Iranian MPs Submit Request To Impeach Zarif", 27 November 2018, <https://en.radiofarda.com/a/iran-mps-send-request-to-impeach-fm-zarif/29623637.html>.

<sup>20</sup> Mohammad Ayatollahi Tabaar, "As Islamism Fades, Iran Goes Nationalist", 3 April 2019, *The New York Times*, <https://www.nytimes.com/2019/04/03/opinion/iran-trump-sanctions.html>.

# Israeli Concerns and Iran-US Tensions

By **Meir Javedanfar**

There is growing concern in Israel that the current Iran-US tensions in the Gulf could lead to a war between Israel and Hezbollah. So great is this concern that in June this year, the Israeli Defense Forces held its largest drill in two years, simulating war against the Lebanese organisation. Here in Israel, no one is leaving anything to chance. In the last war between the two sides in 2006, Hezbollah fired approximately 4,000 missiles at Israeli cities and troops. In the next war, it could fire 25 times more than that, as its missile arsenal with the help of Iran has now grown to more than 120,000. Even if Israel manages to intercept 50 per cent of them, 60,000 missiles falling on Israeli cities and forces would wreak unprecedented havoc on Israel's economy, military and civilian population. Additionally, since the last war between the two sides, Hezbollah, through its participation in the Syrian civil war and operations alongside Russian special forces, has considerably improved its conventional fighting capabilities.

There is also the concern that in addition to a Hezbollah attack against Israel in retaliation for US attacks against Iran, Hamas could also join the fray. On 22 July, a senior Hamas delegation visited Tehran and held a meeting with Iran's strongest man, Supreme Leader Ali Khamenei. In the meeting, Hamas representatives told Iran's supreme leader that they are on the same path: meaning that they are also dedicated to the destruction of Israel. Therefore, in case of war between Iran and the US, the possibility that Hamas also attacks Israel cannot be ruled out.

For now, all Israel can do is to prepare itself. Apart from that, its options are limited. Israel has tried on various occasions to establish relations with post-revolutionary Iran: this included selling weapons to Iran during the Iran-Iraq war and assistance with the reconstruction of the earthquake-hit city of Bam. However, these went nowhere: Iran's leadership insists on non-recognition of Israel and calls for Israel's destruction.

Currently, there are important political facts which cannot be ignored by Israel. An important one being that the US and the Iranian leadership do not consider it in their interest to show flexibility to the other side.

It is difficult for US President Donald Trump to show any weakness towards the Iranians as he will be standing for re-election in 2020. Considering the fact that his negotiations with the North Koreans have not so far been very successful, he will therefore be under pressure to show results when it comes to Iran to his voters, especially from the evangelical community. This is a sizeable political bloc which cannot be ignored. According to a recent survey by Pew, evangelicals make up more than 25 per cent of the US population and they mostly vote Republican. For religious reasons, they are also intensely pro-Israel. Even if Prime Minister Benjamin Netanyahu is defeated in the next Israeli elections in September, Mr Trump, owing to his US domestic political interests, would still continue with his current policies towards Iran.

On the other side of the coin, currently, it is very difficult for the Iranian supreme leader to show flexibility to Mr Trump. The Iranians believe that they were wronged by the US in the nuclear deal: Iran held up its side of the bargain, but the US did not. Not only did the US walk out of the deal, but it also imposed the toughest sanctions against Iran, while increasing its military presence in the Gulf. The Iranian supreme leader feels that the Americans saw Iran's compliance with the nuclear deal as weakness. And this is why Mr Trump pulled out of the nuclear deal. Therefore, for now, instead of showing flexibility, the Iranian leadership believes that it has to show strength: by not returning to the negotiation table and resisting sanctions. Iran also believes that offense is the best defense in terms of improving its leverage with the US. The Iranian side also seems to be calculating on a Trump defeat in the 2020 elections.

For now, the possibility of an inadvertent military confrontation between Iran and the US is increasing. The build-up of pressure between the two sides, especially in the Gulf, could lead to an unintended war breaking out between them. We could also see confrontation between Iran and other powers in the Gulf, including the United Kingdom. This is especially true after Iran's recent seizure of the British tanker by its Revolutionary Guards in the international waters of the Gulf.

Therefore, the only option available for Israel is to be prepared for a possible attack by Hezbollah or Hamas in response to a conflict between Iran and the US. Israel can hope that this does not happen, but for now, due to the inability of Iran and the US to show flexibility towards the other, Israel has no other option but to be ready.

# Conference Schedule

**9.00am**     **Opening Remarks** by Mr Bilahari Kausikan, Chairman,  
Middle East Institute (MEI), National University of Singapore (NUS)

**9.05am**     **Opening Remarks** by Guest of Honour Dr Koh Poh Koon,  
Senior Minister of State, Ministry of Trade and Industry

**Q&A** Moderated by Mr Kausikan

**9.45am**     **First Keynote Speech** by the Honourable Richard L Armitage,  
former US Deputy Secretary of State

**Q&A** Moderated by Mr Kausikan

**10.15am**     **Second Keynote Speech** by Prof Seyed Mohammad Kazem  
Sajjadpour, Iranian Deputy Minister for Foreign Affairs and  
President of Institute for Political and International Studies

**Q&A** Moderated by Mr Kausikan

**10.45am**     **Break**

**11.00am**     **First Session: US Actions and Consequences** Opening Remarks  
by Mr Karim Sadjadpour, Senior Fellow, Carnegie Endowment for  
International Peace

## **Chairperson**

Dr James Dorsey, Senior Fellow, S Rajaratnam School of  
International Studies (RSIS), Nanyang Technological University (NTU)

## **Panellists**

Dr Michael Singh, Managing Director,  
The Washington Institute for Near East Policy  
Mr Karim Sadjadpour

**12.30pm**     **Lunch**

**1.30pm**     **Second Session: The View from Iran**

## **Chairperson**

Dr Victor Kattan, Senior Research Fellow, MEI, NUS

## **Panellists**

Dr Ali Vaez, Iran Project Director, Crisis Group  
Dr Julia Rohnifard, Director of Foreign Policy, EMIR Research

# Conference Schedule

- 1.30pm**     **Panellists**  
Mr Kevjn Lim, PhD Candidate, School of Political Science,  
Government and International Affairs, Tel Aviv University
- 3.00pm**     **Third Keynote Speech** by Mr MJ Akbar, Indian Member of  
Parliament and former Minister of State for External Affairs
- Q&A** Moderated by Mr Kausikan
- 3.30pm**     **Break**
- 3.45pm**     **Third Session: The Impact on Asia**
- Chairperson**  
Dr Serkan Yolaçan, Research Fellow, MEI, NUS
- Panellists**  
Mr Gabriel Lim, Permanent Secretary, Ministry of Trade & Industry  
Mr Hitoshi Tanaka, Chairman, Institute for International Strategy,  
Japan Research Institute, Ltd  
Prof Pan Guang, Director, Shanghai Centre for International Affairs  
Dr Tilak Doshi, Energy Consultant
- 5.30pm**     **Closing Session: Media Competition**
- Chairperson**  
Mr Han Fook Kwang, Senior Fellow, RSIS, NTU
- Panellists**  
Ms Ellie Geranmayeh, Deputy Director, MENA Programme,  
European Council on Foreign Relations  
Mr Esfandiyar Batmanghelidj, Founder, Bourse & Bazaar  
Ms Holly Dagres, Non-Resident Fellow, Middle East Security  
Initiative, Atlantic Council Scowcroft Centre for Strategy and  
Security, United States  
Mr Meir Javedanfar, Senior Research Fellow, Ezri Centre for Iran  
and Persian Gulf Studies, University of Haifa
- 6.45pm**     **End of Conference**

# Speakers' Biographies

## **Mr Bilahari Kausikan**

**Chairman, Middle East Institute,  
National University of Singapore**

Mr Bilahari Kausikan is the chairman of the Middle East Institute, an autonomous institute of the National University of Singapore. Mr Kausikan was permanent secretary of Singapore's Ministry of Foreign Affairs from 2010 to 2013, having served as second permanent secretary since 2001. He was subsequently ambassador-at-large until May 2018. His earlier appointments at the ministry include deputy secretary for South-east Asia, permanent representative to the United Nations in New York, and ambassador to the Russian Federation. Raffles Institution, the University of Singapore and Columbia University in New York all attempted to educate Mr Kausikan.





**Dr Koh Poh Koon**  
**Senior Minister of State,**  
**Ministry of Trade and Industry**

Dr Koh Poh Koon was elected as a member of parliament for Ang Mo Kio GRC on 11 September 2015. He is currently senior minister of state for the Ministry of Trade and Industry and assumed the role of deputy secretary-general at the National Trades Union Congress (NTUC) on 23 April 2018. As senior minister of state for trade and industry, Dr Koh focuses on research and development and entrepreneurship matters, and is the patron of the Action Community for Entrepreneurship (ACE). He is involved in the implementation of the Advanced Manufacturing and Engineering (AME) domain strategy under the Research, Innovation and Enterprise 2020 (RIE2020) plan. In addition, under the ambit of the Future Economy Council, Dr Koh co-chairs two sub-committees overseeing the transformation of the manufacturing and the trade and connectivity clusters. He also looks at the promotion of a dynamic and effective energy market in Singapore, which includes the liberalisation of the electricity market. In the area of trade and investment, Dr Koh oversees the development of Singapore's bilateral economic relations with China, the European Union, the Middle East, and Russia & Central Asia. He graduated from the Faculty of Medicine, National University of Singapore in 1996 and obtained his fellowship from the Royal College of Surgeons (Edinburgh) as well as the Academy of Medicine (Singapore) in 2005.

## **The Honourable Richard L Armitage** **Former US Deputy Secretary of State**

Ambassador Richard Armitage is the founder and president of Armitage International, LC, an international business consultancy that provides critical support in the areas of international business development, strategic planning and problem solving. He is a former US deputy secretary of state and has served as the assistant secretary of defense for international security affairs and deputy assistant secretary of defence for East Asia and Pacific affairs.

In addition, Ambassador Armitage has held a wide variety of high-ranking US diplomatic positions, including presidential special negotiator for the Philippines Military Bases Agreement, special mediator for water in the Middle East, special emissary to Jordan's King Hussein during the 1991 Gulf War, and ambassador directing US assistance to the new independent states of the former Soviet Union.

Ambassador Armitage graduated in 1967 from the US Naval Academy and served three combat tours in Vietnam. He is the recipient of numerous US and foreign military decorations, as well as awards for distinguished public service. Most recently, he was awarded the Grand Cordon of the Order of the Rising Sun from Japan. Ambassador Armitage currently serves on the board of directors of ManTech International Corporation and is chairman of Project 2049 Institute. He also is a member of The American Academy of Diplomacy and the Board of Trustees of the Center for Strategic and International Studies.





## **Prof Seyed Mohammad Kazem Sajjadpour**

**Iranian Deputy Minister of Foreign Affairs  
and President, Institute for Political and  
International Studies**

His Excellency Dr Seyed Mohammad Kazem Sajjadpour is the current chairman of the Department of Diplomacy and International Organisations of the School of International Relations. Dr Sajjadpour is also concurrently the president of the Iranian Institute for Political & International Studies (IPIS) with the rank of deputy foreign minister. Prior to this, he was the advisor to the minister of foreign affairs on strategic issues between 2013 and 2016, and the former president of the Iranian Political Science Association. Among his notable diplomatic credentials was being the ambassador and deputy permanent representative for the Islamic Republic of Iran to the United Nations in Geneva.

His Excellency received his PhD in political science from George Washington University and was a post-doctoral fellow at Harvard University. He has taught at the College of International Relations of Tehran University, Azad University and Iran's National Defence University.

Dr Sajjadpour is the editor-in-chief for the *Iranian Review of Foreign Affairs Journal* and has contributed many articles to it since 2011. He has also published various chapters including "Neutral Statements, Committed Practice: The USSR and the War" in *Iranian Perspectives on the Iran-Iraq War* (1997) by Farhang Rajaei (Ed.); and "The evolution of Iran's national security doctrine" in *Europe and Iran: Perspectives on Non-proliferation* (2013) by Shannon N. Kile. His Excellency's latest book, published in March 2017, is entitled *Transition in International Relations of post-Western World*, which he co-authored with Iranian Foreign Minister Javad Zarif and Iranian Ambassador Ebadollah Molaei.

## Mr MJ Akbar

### Indian Member of Parliament and former Minister of State for External Affairs

His Excellency MJ Akbar is a distinguished writer and member of parliament for India's Bharatiya Janata Party (BJP). During his long career in journalism, he launched, as editor, India's first weekly political news magazine, *Sunday*, in 1976, and two daily newspapers, *The Telegraph* in 1982 and *The Asian Age* in 1994. He has also been editorial director of *India Today* and *The Sunday Guardian*. He first served as an elected member of parliament between 1989 and 1991, and returned to public life in March 2014, when he joined the BJP and was appointed a national spokesperson during the historic general elections that brought the party to office with a simple majority under the leadership of Prime Minister Narendra Modi. In July 2015, he was elected to the Rajya Sabha from Jharkhand. In July 2016, he was elected for another term, this time from Madhya Pradesh.

He is also the author of several internationally acclaimed books, including *India: The Siege Within*; *Nehru: The Making of India*; *Kashmir: Behind the Vale*; *The Shade of Swords: Jihad and the Conflict between Islam and Christianity*; *Tinderbox: The Past and Future of Pakistan*; and *Blood Brothers*, a novel. In addition, there have been four collections of his columns, reportage and essays.

In 2004, he was named a member of the committee set up by Saudi Arabia's King Abdullah to draft a 10-year charter for Muslim nations at a special conference in Mecca. In March 2006, he joined The Brookings Institution, Washington, as a visiting fellow in the Brookings Project on US Policy Towards the Islamic World. He also serves as chairman of the Trust for the Calcutta Muslim Orphanage.



## First Session: US Actions and Consequences

What are the goals of US policy towards Iran?  
Is “maximum pressure” going to change Iranian  
behaviour?



**Dr James Dorsey (Session Chairperson)**  
Senior Fellow, S Rajaratnam School  
of International Studies, Nanyang  
Technological University

Dr James Dorsey is a senior fellow focused on the Middle East and North Africa who publishes widely in peer-reviewed journals as well as non-academic publications. A veteran, award-winning foreign correspondent for four decades in the Middle East, Africa, Latin America, Europe and the United States for publications such as *The Wall Street Journal* and *The New York Times*, Dr Dorsey has met a multitude of the region's leaders. He covered primarily ethnic and religious conflict, including some of recent history's most dramatic events, such as the Iran-Iraq war and the Israeli-Palestinian peace process. Dr Dorsey writes a widely acclaimed blog, "The Turbulent World of Middle East Soccer", has published a book with the same title, and authors a syndicated column. He was a finalist for the 2012 European Press Prize, the Kurt Schork Award, and the Index on Censorship Award in 2012. He also co-directs the Institute of Fan Culture of the University of Wuerzburg.

**Mr Karim Sadjadpour (Panellist)**  
**Senior Fellow, Carnegie Endowment for International Peace**

Mr Karim Sadjadpour is a senior fellow at the Carnegie Endowment for International Peace, where he focuses on Iran and US foreign policy toward the Middle East. He is contributing editor to *The Atlantic* and appears frequently on CNN, BBC, and NPR. He has lived in Latin America, Europe, and the Middle East (including both Iran and the Arab world) and speaks Persian, Italian, Spanish, and proficient Arabic. He is an adjunct professor at Georgetown University's School of Foreign Service (MSFS), teaching on US foreign policy and the Middle East. His recent publications include *Iran's Cyber Threat: Espionage, Sabotage, and Revenge* and *Ayatollah Machiavelli: How Ali Khamenei became the most powerful man in the Middle East*. He was previously an analyst with the International Crisis Group, based in Tehran and Washington.





**Dr Michael Singh (Panellist)**  
**Managing Director and Senior Fellow, The Washington Institute for Near East Policy**

Dr Michael Singh is managing director and senior fellow at The Washington Institute for Near East Policy. Dr Singh was senior director for Middle East Affairs at the White House from 2007-2008, and a director on the National Security Council staff from 2005-2007. Earlier, he served as special assistant to Secretaries of State Colin Powell and Condoleezza Rice, and at the US embassy in Tel Aviv. He co-chaired Senator Mitt Romney's State Department transition team in 2012, and served as Middle East advisor to the Romney campaign. Dr Singh has been an adjunct fellow at the Belfer Center at Harvard's Kennedy School of Government and an economics instructor at Harvard College. His writings have appeared in *The Washington Post*, *The New York Times*, *The Wall Street Journal*, *Foreign Affairs*, *International Security*, and elsewhere, and he has appeared as a commentator on *CNN*, *MSNBC*, *Fox News*, and other outlets. Dr Singh earned his bachelor's degree in economics summa cum laude from Princeton University and an MBA with high distinction (Baker Scholar) from Harvard Business School.

## Second Session: The View from Iran

Iran is holding out despite sanctions.  
How will it respond to the US?

**Dr Victor Kattan (Session Chairperson)**  
**Senior Research Fellow, Middle East  
Institute, National University of Singapore**

Dr Victor Kattan is a senior research fellow of the Middle East Institute at the National University of Singapore (NUS). He is also an associate fellow at NUS Law. Dr Kattan has published widely in his field and is the author of numerous articles in international law journals and the author and editor of three books: *From Coexistence to Conquest: International Law and the Origins of the Arab-Israeli Conflict 1891-1949* (Pluto 2009), *The Palestine Question in International Law* (BIICL 2008), and most recently (with Peter Sluglett) *Violent Radical Movements in the Arab World: The Ideology and Politics of Non-State Actors* (IB Tauris 2019).





### **Dr Ali Vaez (Panellist)**

**Iran Project Director, Crisis Group**

Dr Ali Vaez is director of the Iran Project at the Federation of American Scientists. Trained as a scientist, he worked as a post-doctoral research fellow at Harvard University from 2008 to 2010. Formerly, he was *Radio Free Europe/Radio Liberty's* foreign correspondent in Switzerland from 2004 to 2008. He is also a graduate of the Johns Hopkins University's School of Advanced International Studies (SAIS), where he received a master's degree in international public policy.



### **Dr Julia Roknifard (Panellist)**

**Director of Foreign Policy, EMIR Research, Kuala Lumpur**

Dr Julia Roknifard is director of foreign policy at EMIR Research, a Kuala Lumpur-based think tank. She is also a consultant for PIR-Center, a Moscow-based think tank, and a contributor to *Al-Monitor*. She used to be a research fellow at the National Research University Higher School of Economics. Initially specialised on Iran, its regional policy and domestic politics, she currently works on a broad spectrum of issues related to South-east Asia. Her publications can be found at *Malaysia Kini*, *Malay Mail Online*, *Malaysian Insight*, *Free Malaysia Today*, *Carnegie Moscow Center*, *Russian International Affairs Council* (RIAC), *South China Morning Post* (SCMP), *Al-Monitor*.

**Mr Kevjn Lim (Panellist)**

**PhD Candidate, School of Political Science,  
Government and International Affairs, Tel  
Aviv University**

Mr Kevjn Lim is a PhD candidate at Tel Aviv University's School of Political Science, Government and International Affairs, researching Iranian strategy, foreign policy and domestic politics. He is also a Middle East and North Africa contributor for IHS Markit. He was previously a delegate with the International Committee of the Red Cross (ICRC) with postings in the Palestinian West Bank, Sudan's Darfur region, Iraq, Gaddafi's Libya and Afghanistan, handling issues linked to the protection of the civilian population in the context of international humanitarian law, and networking with non-state actors and armed militias. His work has appeared in *Foreign Affairs*, *Foreign Policy*, *Intelligence and National Security*, *Israel Affairs*, *Comparative Strategy*, *The Washington Institute for Near East Policy*, *Jane's Intelligence Review*, *the Begin-Sadat Center for Strategic Studies* and *The National Interest*.



## Third Session: The Impact on Asia

Asia is already affected by the US-China trade war.  
What is the impact of rising tensions in the Strait of  
Hormuz on their economies?



### Dr Serkan Yolaçan (Session Chairperson)

Research Fellow, Middle East Institute,  
National University of Singapore

Dr Serkan Yolaçan studies mercantile and religious networks as channels of informal diplomacy across West Asia. His book project *The Azeri Triangle: Informal Diplomats across Iran, Turkey, and Russia* connects the modern histories of three major states through an ethnographic and historical study of a diasporic society and its cross-border engagements. The project reveals the Azeris' historic role in West Asian politics and parallels it to that of the Arabs in the Indian Ocean and the Chinese in South-east Asia. Dr Yolaçan holds a PhD in cultural anthropology from Duke University and an MA in sociology and social anthropology from the Central European University. Prior to obtaining his doctoral degree, he worked as projects officer at the Turkish Economic and Social Studies Foundation in Istanbul.

**Mr Gabriel Lim (Panellist)**  
**Permanent Secretary,**  
**Ministry of Trade & Industry**

Mr Gabriel Lim was appointed permanent secretary of the Ministry of Trade and Industry in April 2019. Prior to his current appointment, he was permanent secretary of the Ministry of Communications and Information and chief executive officer of the Info-communications Media Development Authority. He was also previously principal private secretary to Prime Minister Lee Hsien Loong, and served in the Ministry of Defence, Ministry of Health and the Public Service Division. Mr Lim graduated from Stanford University's Sloan Management Programme with a master of science in management under the Lee Kuan Yew post-graduate scholarship. He also holds a master of science in economics from the London School of Economics and a bachelor of arts in economics (honours) from the University of Cambridge.





**Prof Pan Guang (Panellist)**  
**Director, Shanghai Centre for**  
**International Affairs**

Dr Pan Guang is professor of Shanghai Academy of Social Sciences, director of SCO (Shanghai Cooperation Organisation) and BR (Belt and Road) Studies Centre in Shanghai, dean of Center for Jewish Studies Shanghai (CJSS) and vice-president of Chinese Association of Middle East Studies. He is international council member of Asia Society in USA. He obtained the 1993 James Friend Annual Memorial Award for Sino-Jewish Studies, Sankt Peterburg-300 Medal for Contribution to China-Russia Relations awarded by President Vladimir Putin in 2004, and Austria Holocaust Memorial Award in 2006. He was appointed by the United Nations Secretary-General as ambassador of the United Nations Alliance of Civilisation (Unaco) in 2008. Prof Pan has lectured and conducted research all over the world, including at Harvard University, Columbia University, RAND corp., the Brookings Institution, Stanford University, Oxford University, Leiden University, The Emirates Center for Strategic Studies & Research in UAE and Hebrew University in Jerusalem.

**Mr Hitoshi Tanaka (Panellist)**  
**Chairman, Institute for International  
Strategy, Japan Research Institute Ltd**

Mr Hitoshi Tanaka is chairman of the Institute for International Strategy at the Japan Research Institute, Ltd, and a senior fellow at the Japan Center for International Exchange (JCIE). In 2006-2018, he was a visiting professor at the Graduate School of Public Policy, University of Tokyo. Mr Tanaka retired from Japan's Ministry of Foreign Affairs in August 2005 after serving for three years as deputy minister for foreign affairs. Before being named deputy minister, he held various posts at the foreign ministry, including director-general of the Asian and Oceanian Affairs Bureau (2001-2002) and Economic Affairs Bureau (2000-2001); consul-general in San Francisco (1998-2000); and deputy director-general of the North American Affairs Bureau (1996-98). Mr Tanaka holds a BA in law from Kyoto University and BA/MA in philosophy, politics and economics (PPE) from Oxford University. He is the author of JCIE's English newsletter, *East Asia Insights*.





### **Dr Tilak Doshi (Panellist)** **Energy Consultant**

Dr Tilak K Doshi is a consultant specialising in energy economics and public policy. Dr Doshi is an industry expert with over 25 years of international work experience in leading oil and gas companies and in think tank. His previous appointments include chief economist, Energy Studies Institute, National University of Singapore; senior fellow and programme director, King Abdullah Petroleum Studies and Research Center (Riyadh, Saudi Arabia); executive director for energy, Dubai Multi Commodities Centre; specialist consultant, Saudi Aramco (Dhahran, Saudi Arabia); chief Asia economist, Unocal Corporation (Singapore); director for economic and industry analysis, Atlantic Richfield Corporation (Los Angeles, US).

## Closing Session: Media Competition

US-Iran competition is as much psychological as material, and media narratives shape external perceptions and market responses.

### Mr Han Fook Kwang (Session Chairperson)

Senior Fellow, S Rajaratnam  
School of International Studies,  
Nanyang Technological University

Mr Han Fook Kwang is a senior fellow at the S Rajaratnam School of International Studies and editor-at-large, *The Straits Times*. He spent 10 years in the Singapore Government Administrative Service before joining *The Straits Times* in 1989. He was editor of the paper from 2002 to 2012. He is the co-author of several books on Singapore's founding Prime Minister Lee Kuan Yew, including *Lee Kuan Yew: The Man and His Ideas* and *Hard Truths to Keep Singapore Going*. His latest book, *Singapore in Transition: Hope, Anxiety and Question Marks*, was published in 2016. He graduated from the University of Leeds in mechanical engineering under a Colombo Plan scholarship. He also holds a master's in public administration from Harvard University under a Singapore government scholarship.





**Ms Ellie Geranmayeh (Panellist)**  
**Deputy Director, MENA Programme,**  
**European Council on Foreign Relations**

Ms Ellie Geranmayeh is deputy director of the Middle East and North Africa (MENA) Programme at the European Council on Foreign Relations (ECFR). She specialises in European foreign policy in relation to Iran, particularly on the nuclear and regional dossiers and sanctions policy. Ms Geranmayeh advised European governments and companies on the nuclear negotiations between Iran and world powers from 2013-2015 and continues to brief senior policymakers on how to effectively safeguard the implementation of the nuclear agreement. Her research also covers wider regional dynamics including post-IS stabilisation, and geopolitical trends in the Middle East. Prior to joining ECFR, she worked at the law firm of Herbert Smith Freehills. She graduated in law from the University of Cambridge and received an LLM from the University of Virginia School of Law.

### **Mr Esfandiyar Batmanghelidj (Panellist)** **Founder, Bourse & Bazaar**

Mr Esfandiyar Batmanghelidj is the founder of Bourse & Bazaar, a media company which supports Iran “business diplomacy” through publishing, research, and international events. He is the organiser of the Europe-Iran Forum, the leading international business conference on Iran, with editions in London (2014), Geneva (2015), Zurich (2016, 2017) and Paris (2018). Mr Batmanghelidj’s writing has featured in *Foreign Policy*, *Bloomberg Opinion*, *Quartz*, *Defense One*, *Asia Times*, and *Al-Monitor* as well as on the front pages of leading Iranian periodicals *Iran*, *Etemad*, *Hamsbahri*, and *Diplomat Magazine*. His research on Iranian political economy and social history has been published in the journal *Iranian Studies*, the *Encyclopedia Iranica*, and the *World Health Organization Eastern Mediterranean Health Journal*. Mr Esfandiyar is a graduate of Columbia University, where he focused on international political economy.



**Ms Holly Dagres (Panellist)****Non-Resident Fellow, Middle East Security Initiative, Atlantic Council Scowcroft Centre for Strategy and Security**

Ms Holly Dagres is a non-resident fellow with the Middle East Security Initiative at the Atlantic Council's Scowcroft Center for Strategy and Security. She is also the editor of the Scowcroft Centre's *Iran Source* blog and curator for the weekly newsletter, *The Iranist*. Before joining the Atlantic Council, Ms Dagres worked as a freelance Iranian analyst, regularly following traditional and social media in English and Persian. She received a master's degree in political science at the American University in Cairo. In 2013, she conducted on-the-ground research in Iran on the impact of sanctions for her master's degree thesis, "Do US sanctions change the regime?" A critical analysis of sanctions on Iran. Ms Dagres regularly gives analysis for television, radio, and print, including *BBC News*, *CNN*, *Fox News*, *NBC News*, *The New York Times*, *The Telegraph*, and *The Washington Post*. She also spent her adolescent years in Iran (1999 to 2006) and is fluent in Persian. Follow her on Twitter: @hdagres.

**Mr Meir Javedanfar (Panellist)**

**Senior Research Fellow, Ezri Centre for Iran and Persian Gulf Studies, University of Haifa**

Mr Meir Javedanfar is an Iranian-Israeli lecturer, author and commentator. He has been teaching Iranian politics at the Interdisciplinary Centre (IDC) Herzliya since 2012. He is the co-author of former Iranian President Mahmoud Ahmadinejad's biography, *The Nuclear Sphinx of Tehran*, which has been published in four languages. He has published more than 100 articles on Iran and Iran-related matters for publications such as *Foreign Affairs*, *Al-Monitor*, *The Diplomat*, *The Guardian* and others. Mr Javedanfar has given lectures at more than 20 universities as a guest lecturer and spoken at universities in the following five languages: English, Hebrew, Persian, Spanish and Portuguese. He is currently completing his PhD at the University of Haifa. His thesis deals with Iranian security dealings with the Soviet Union and Iraq from 1970-1979.



# Notes



**Cover Image:**

The Abraham Lincoln Carrier Strike Group and a US Air Force *B-52H Stratofortress* conducting joint exercise in the Arabian Sea in June 2019

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