



# **Government Response to the House of Commons Foreign Affairs Committee Report: UK Policy Towards Iran**

Presented to Parliament  
by the Secretary of State for Foreign and Commonwealth Affairs  
by Command of Her Majesty

September 2014



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## **COMMAND PAPER: RESPONSE TO FAC REPORT ON UK POLICY TOWARDS IRAN**

The Government welcomes the Foreign Affairs Committee's report on the UK's policy towards Iran, published on 14 July 2014.

This Command Paper sets out the Government's response to each of the Committee's conclusions and recommendations. The Committee's text is in bold and the Government's response is in plain text. Paragraph numbers refer to the Committee's report.

### **Conclusions and recommendations**

#### **Human rights standards**

- 1. We recognise the enormous difficulties faced by the FCO in its attempts to bring about an improvement in human rights standards in Iran. We encourage the FCO to continue to take any opportunities that arise, whether bilaterally or multilaterally, to reiterate the UK's objection to unacceptable practices, including executions, persecution of people on the grounds of their faith, and severe restrictions on freedom of expression. No concessions should be made on human rights in the interests of making progress in negotiations in other fields. (Paragraph 22)**

The Government thanks the Committee for its recognition of the difficulties faced in attempts to improve human rights standards in Iran. We assure the Committee that we remain committed to pursuing an improvement in the human rights situation. We will continue all our efforts to highlight human rights violations. Improving human rights standards remains a key objective of our policy on Iran.

#### **The Tehran Embassy**

- 2. The storming of the UK Embassy by an Iranian mob in Tehran in 2011 was reprehensible and should never have been permitted by Iranian security forces. We welcome the recent decision to re-open the Embassy in Tehran, and we understand why the Foreign Secretary adopted a cautious approach towards the revival of diplomatic relations. We question, however, whether the UK waited too long for assurances on security which were never going to be forthcoming from all quarters of the Iranian hierarchy. The lack of full diplomatic representation in Iran hinders the UK's ability to shape events,**

**gather information, and reassure its regional allies that it could make fully informed assessments of Iranian opinion and intentions. (Paragraph 36)**

The Government agrees that the invasion of the British Embassy in Tehran was reprehensible. It posed a very serious threat to the security of our staff and their ability to operate safely, which resulted in the withdrawal of all UK staff and closure of the Embassy.

The decision to reopen embassies as soon as the practical arrangements can be made was the result of patient and prudent negotiations with the Iranian authorities. The Government did not take the decision to reopen lightly. One necessary building block in the process was the provision of security assurances from the Iranian Ministry of Foreign Affairs. We received these on 22 July. We will continue to reiterate to Iran the importance of respecting their commitments to the Vienna Convention on Diplomatic Relations and we will continuously assess the security of our Embassy and staff.

### **Pursuing the UK's interests**

- 3. There is a serious risk that longstanding allies in the Gulf and elsewhere in the region will feel overlooked if the UK does not invest considerable diplomatic effort in reassurance. The UK and others need to be able to show an early dividend from the Joint Plan of Action if they are to retain confidence in the initiative amongst their regional allies. (Paragraph 37)**

The Government agrees with the importance of reassurance of Gulf and regional allies. The Joint Plan of Action has made an important positive contribution to improving regional peace and security by halting progress on Iran's nuclear programme and in some places rolling it back. It has provided a window of opportunity for a long term resolution of the nuclear issue. The Foreign Secretary and other Government Ministers are in regular contact with their regional counterparts on the progress of the E3+3 negotiations and Iran's wider role in the region. The Gulf and other countries have an important role in urging Iran to engage seriously on the nuclear issue, whilst maintaining the pressure through diplomacy and rigorous enforcement of sanctions. The Government is developing a new Gulf Strategy which aims to ensure the UK's position in the region is strengthened over the next generation.

- 4. There are signs that the UK's willingness to follow the lead of the US in opposing a possible deal with Iran in 2005 meant that an opportunity to make progress in resolving concerns about Iran's nuclear programme was lost, although we cannot know whether an acceptable compromise could**

**actually have been reached at the time. We welcome the subsequent convergence of UK and US policy on Iran and its nuclear programme. We see it as a considerable success that a united front has been maintained by the P5+1 countries in recent negotiations, and that Iran has been presented with little or no obvious opportunity to prey on differences between members of the P5+1 negotiating team. We commend the FCO for its work in cementing the combined approach. (Paragraph 41)**

The UK has played a central role in negotiations with Iran since they began in 2003. We have made every effort to ensure Iran addresses international concerns about its nuclear programme. The Government is not, and has never been, ready to accept a deal that does not sufficiently address these concerns. The UK continues to work closely with the US, and with all E3+3 partners, to achieve our common objective: to prevent a nuclear-armed Iran. The Government thanks the Committee for its commendation of the FCO's work in cementing a combined approach. E3+3 unity has held well throughout the negotiations, including through reaching agreement on the extension of the Joint Plan of Action, and will be vital in achieving a comprehensive long term solution.

- 5. While it should be for the FCO to judge when the right time might be for a gesture such as a statement by the UK recognising the scale of Iranian suffering during the Iran-Iraq war, or acknowledgement of any UK role in the overthrow of Prime Minister Mossadeq in 1953, we believe that the FCO should be prepared to take such a step if the circumstances warrant it and if Iran also makes a similar public gesture recognising its own support for terrorism, attack on the British Embassy or other past behaviour. (Paragraph 44)**

The Government is fully aware that on many issues, historical and live, Iran and the UK have differing views and policy positions. The Government continues to work hard to improve relations with Iran through substantive dialogue and actions. The decision to reopen the British Embassy in Tehran is both a testimony to this and a means of further enhancing it.

It is worth reflecting that the Government has long recognised the suffering of both Iranians and Iraqis during the Iran-Iraq conflict and is ready to reiterate its views. Iran paid a heavy cost in this brutal war. Iraq's use of chemical weapons against Iranian as well as its own civilians was abhorrent and immoral. The UK condemns the use of chemical weapons by any state and supported UNSCR 582 (1986) which strongly condemned the Iraqi government of the time for this. Throughout the war, the UK publicly called for a negotiated settlement to the conflict and "an end to the slaughter and destruction that would spare many on both sides".

- 6. We recommend that the FCO press the Home Office to agree to practical measures which would reduce the burden on Iranians applying for entry clearance to the UK while maintaining the rigour of the process. (Paragraph 46)**

The FCO is working with the Home Office to explore all options for developing the UK visa service available to Iranian nationals.

### **Iran's nuclear programme**

- 7. There is no convincing explanation for why Iran might need for civil purposes the stocks of enriched uranium which it held in January 2014. We believe that the primary reason for Iran's decision to build such a capacity to enrich uranium and to amass stocks to current levels was to give itself the option to develop a nuclear military capability. That has almost been achieved. While the Foreign and Commonwealth Office refers to the body of evidence pointing towards possible military dimensions of the Iranian nuclear programme, we are not aware of any unequivocal evidence that Iran has taken a decision to push ahead and develop a nuclear weapon. (Paragraph 61)**

Iran claims that its nuclear programme is for peaceful purposes and that it is not pursuing a nuclear weapon. However, as the Committee notes, Iran's uranium enrichment programme is at odds with its civilian needs, and the nearly completed heavy water research reactor at Arak is of a design ideally suited to produce weapons grade plutonium. The body of evidence pointing to possible military dimensions of the nuclear programme and Iran's history of non-compliance with its safeguards agreement and UN Security Council Resolutions cause international concern about the potential military objective of Iran's nuclear programme. It remains to be seen whether the new Iranian Government will agree to take the steps needed under a comprehensive agreement to address these concerns and give the international community confidence that Iran's nuclear programme is for exclusively peaceful purposes.

### **The merits of negotiation and its alternatives**

- 8. We endorse the UK's decision to take part in negotiations with Iran on its nuclear programme through the framework of the Joint Plan of Action. (Paragraph 81)**

The UK has played a vital role in negotiations with Iran since 2003. We remain committed to pursuing a peaceful resolution of the issue. We will continue to negotiate with Iran in pursuit of this goal.

### **Pursuing negotiations**

- 9. While Mr Rouhani has the impetus of his election victory and demonstrably high levels of public support, we believe that the P5+1 can have confidence that he is an authoritative representative of Iran. We also believe that, having stood on a platform of achieving an economic revival by negotiating with the P5+1 and getting sanctions lifted, he is genuinely committed to a sustainable deal. For now at least, he should be trusted; but he should be judged by his actions, not by his words. (Paragraph 89)**

The election of Dr Rouhani as President of Iran in June 2013 created a new opportunity for resolving the nuclear issue. The Government believes Dr Rouhani is committed to securing an agreement in order to alleviate the economic pressure Iran is facing as a result of international sanctions. As the Committee notes, Iran needs to take concrete action to restore international confidence which has been eroded by Iran's ongoing violations of international obligations over a period of years. Words alone are not enough.

- 10. We make the following observations on negotiations on the comprehensive agreement:**

- **There is probably no prospect of a lasting deal which does not allow Iran to enrich uranium**
- **Enrichment capacity should be limited to a level which Iran would not reject outright but which would still allow enough time for any attempt at breakout to be detected and referred to the UN Security Council—we suggest six months as an absolute minimum**
- **Trust, which is essential if the Plan is to succeed, may crumble unless the comprehensive agreement enshrines a right for the IAEA to make unannounced and intrusive inspections of all nuclear facilities, products, designs and records The IAEA's Additional Protocol offers a good basis for the more stringent monitoring which is required, although it may be preferable to build the key provisions into the terms of the comprehensive agreement rather than require adoption of the Additional Protocol itself**
- **International sanctions undoubtedly played a major part in preparing the ground for a more amenable Iranian negotiating position. They may not have directly forced Iran to make concessions; but the fatigue amongst large sections of the Iranian public with the international isolation and disadvantage which flowed from**

**sanctions was a factor in the election of President Rouhani, which in turn paved the way for more fruitful negotiations**

- The limited sanctions relief being applied under the Joint Plan of Action has reduced pressure on Iran and has provided it with a breathing space, but that should not necessarily be seen in a negative light: it may even strengthen the appetite in Iran for taking the steps necessary to allow further layers of sanctions to be peeled away**
- We doubt that any deal would have been achieved in Geneva in November 2013 had limited sanctions relief not been offered**
- The Joint Commission established under the Joint Plan of Action should include activities at the Parchin military site as part of its discussions “to facilitate resolution of past and present issues of concern”**
- Modifying the design of the Arak reactor so that it produces less plutonium has value, but third-party monitoring of storage of the spent fuel—or preferably removal and third-party custody of it—would be instrumental in helping to allay concerns. (Paragraph 93)**

The Joint Plan of Action holds out the prospect of a mutually defined enrichment programme in Iran. It states that a comprehensive solution would involve “a mutually defined enrichment programme with mutually agreed parameters consistent with practical needs”. Under a comprehensive agreement, limits on the size and scope of Iran’s enrichment programme as well as a robust monitoring mechanism, would need to be agreed in order to ensure sufficient time for the international community to detect and react appropriately to a potential misuse of enriched uranium, including through consideration of the matter at the UN Security Council.

As the Committee notes, international confidence and trust will be important to the success of any agreement. But trust will not come straight away, given Iran’s history of non-compliance with its IAEA comprehensive safeguards agreement and multiple UN Security Council and IAEA Board of Governor resolutions. This is why a comprehensive agreement would need to be for a sufficiently long duration and would require strict IAEA monitoring mechanisms. As stated in the Joint Plan of Action, this would include Iran’s ratification and implementation of the Additional Protocol and modified code 3.1 of its Comprehensive Safeguards Agreement as well as additional measures to verify all steps taken by Iran under a comprehensive agreement.

The Government agrees with the Committee’s assessment that economic pressure through international sanctions has been essential in bringing Iran to the negotiating table. That is why existing sanctions will remain in place until Iran has taken concrete action to address international concerns. As the Committee



noted, President Rouhani is committed to improving the Iranian economy. A comprehensive agreement, in which Iran addresses international concerns in return for the ultimate lifting of all sanctions, is in Iran's best interests.

The limited sanctions relief provided under the Joint Plan of Action was a clear sign of the E3+3's commitment to reaching an agreement with Iran. It was an important element in reaching the agreement in Geneva in November 2013. The Government agrees that the limited sanctions relief under the Joint Plan of Action may strengthen the appetite in Iran for taking the necessary steps to allow for further sanctions relief.

The Joint Commission established under the Joint Plan of Action supports the IAEA's efforts to resolve the possible military dimensions of Iran's nuclear programme. Resolution of all outstanding issues between the IAEA and Iran will be an important element of a comprehensive agreement.

Agreement on the Arak reactor will also form an essential element of a comprehensive agreement. Reaching agreement on a modified design, fuel storage / disposal arrangements, and appropriate transparency measures will all be important.

**11. Not enough is being done to put into practice that part of the Joint Plan of Action which is designed to facilitate trade with Iran in humanitarian goods. The UK should not assume that letters of comfort from the US Treasury to banks will be enough to reassure them that they will not be penalised commercially for facilitating humanitarian trade. Ministers should state publicly that they encourage UK banks to provide the necessary facilities for trade in humanitarian goods and will if required defend to the US Treasury their right to do so. If trade with Iran in humanitarian goods is facilitated under the Joint Plan of Action, even if only on a limited scale, vigilance will be needed if the diversion of funds and illicit trade which occurred under the Oil-For-Food Programme in Iraq is not to be repeated in Iran. (Paragraph 97)**

The UK, as a member of the E3+3 and the EU, has fully met its commitments under the Joint Plan of Action, while maintaining its respect for decisions taken by commercial entities. The humanitarian channel permits Iranian oil revenues that could otherwise be 'blocked' in third countries by the effects of US secondary sanctions to be used legitimately to purchase humanitarian goods from around the world. The US has provided assurances to selected banks holding oil revenue accounts that they can release and use this money for those purposes. There is no requirement to 'nominate' a UK bank to handle humanitarian export transactions from the EU. EU sanctions provide exemptions for humanitarian trade between the EU and Iran. In addition, under the Joint Plan of Action there are EU provisions to make humanitarian trade easier,

including increasing ten-fold the threshold at which pre-authorisation is required for humanitarian transactions.

Our overall policy remains not to encourage trade with Iran until sanctions are lifted under a comprehensive agreement. It is for UK banks themselves to determine whether they wish to take up business on behalf of exporters of humanitarian goods. The Government cannot direct them to do so. However, we have been consistently clear that there are exemptions for humanitarian trade between the EU and Iran. The US operates similar humanitarian exemptions.

The Government is committed to enforcing remaining sanctions and preventing abuse of permitted trading channels. The EU Regulation requires that humanitarian transactions above 1 million EUR be subject to prior authorisation and that the competent national authority – in the UK's case, HM Treasury – be notified of transactions below 1 million EUR, to ensure that funds are not being diverted for illicit purposes.

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