

“Future cooperation between Iran and Europe”

Iran Petrochemical Value Chain Summit Vienna, 6 and 7 July 2017

Austrian Federal Economic Chamber, in Vienna

Sir Richard Dalton

President, British Iranian Chamber of Commerce

Thank you to...

Iran-Europe Business Centre (IEBC), IICIC the Conference organisers, Iran's National Petrochemical Company (NPC) and Advantage Austria and of course to our hosts – the Austrian Federal Economic Chamber.

What a moment in the history of the ME.....turmoil, death and destruction, tension between states – generating uncertainty about the future.

The message of the BICC, in a nutshell, directed to all involved – states, governments and companies – is:

‘stay on the course mapped in 2015 in the nuclear agreement’

Many complexities... have been highs and lows, a few achievements and several disappointments.

We should have confidence in JCPOA, the Joint Comprehensive Plan of Action, which will survive the current pressures on it; in the pragmatic leadership of Iran; in the determination of the EU to develop in ALL the areas that it has announced for cooperation with Iran; and in the persistence of British Companies in building trade and investment with Iran and to overcome the obstacles that are holding us back today.

I talk of having confidence. But there are risks that sufficient progress will not be made. There are too many negative factors, and, in fact, too few results so far.

We all want: prosperity, security and better results for businesses and for ordinary people.

We do want to see a fresh approach here, and a changed attitude there.

Iran, the US, EU and UK, major banks should all raise their games. I shall say a little about what each could do.

IRAN

What FM Zarif said in Paris 1 June, applies to us all in the room today: we agree warmly. Iran, he said, seeks expanded relations particularly in the economic field. Suitable potential exists for our countries to work together on production and employment, to include exporting goods to third countries. He called for greater mobilisation of banks for various forms of financial cooperation with Iran, and to lift certain existing banking restrictions.

I admire efforts of President Rouhani and his team. I hope they will:

- Fully implement the Financial Action Task Force action plan, further enhance the Anti-Money Laundering and Counter Terrorist Financing framework, and improve the transparency of corporate ownership. The excuses that Banks use to avoid doing business with Iran should be removed.
- Continue with Banking reform, in accordance with IMF recommendations.
- In international relations, we hope that Iran will maintain openness and promote internal unity – especially on engagement with other states - and also will speak with one voice

P5 + 1

The message of maintaining unity is vital for the P5 +1 too – I shall have more to say about that in connection with US policy, shortly.

Long term, they should be open to the possibility of negotiating with Iran permanent international measures on its nuclear program in return for more sanctions relief

Short term, they should use the Joint Commission effectively to resolve the Banking issue. BICC understands why efforts made over two years have failed. We understand the reasons for boycott by major British banks, but the boycott is still unreasonable, wrong in principle and bad in its effects.

Turning to the US....

Their policy review will be completed by end July

The JCPOA was agreed by the US. The US Government should recognise and act on it in good faith. Issues of trust in the US, and confidence in it, would arise if they were to renege; or if they were to decide to undermine it on the pretext of confronting Iran over the region's wars.

In every situation that U.S. forces are involved in, the solutions are more political than military. This has become especially true in places such as Syria and Afghanistan, where many regional powers with major interests have staked out positions and spread their influence. Military force without a deeply engaged political and diplomatic process will fail.

In short, business represented here today would benefit from a turn in US policy towards greater wisdom and coherence.

After all, it is in the US interest to improve the environment for trade and invest with Iran: increased isolation of Iran, as with the deplorable travel ban, would be self-defeating for the US. Six points, among many:

- Re-think its hostility to Iran. Forget the idea of fostering regime change from outside
- Push back against any attempt in the US Congress to limit the Presidential waivers that are essential for implementing the JCPOA
- Set up a hot-line with Tehran. Begin a dialogue.

- Putting all its eggs in Riyadh's basket will not bring the greater stability and predictability in Persian Gulf affairs that everyone seeks
- Difficult though it is to imagine it happening any time soon, the USA should restore the "u-turn" for dollar-denominated transactions in order to carry out its obligations to facilitate financial access for Iran and to demonstrate the concrete benefits of the JCPOA to the Iranian people.
- Approve Iranian accession to the WTO.

UK

I am not a British diplomat any more, but this is what I think is British policy.

In the UN Security Council on 29 June, Britain's deputy U.N. ambassador, Peter Wilson, called the Iran nuclear agreement "one of the most important diplomatic achievements in recent memory."

UK looks forward to continued progress on a range of issues, including Iran's regional policies, human rights and matters of bilateral concern, in particular dual national consular cases.

Britain has sympathy with GCC states on Counter Terrorism and on aspects of Iranian regional policy, but sympathy too for the idea that there should be political dealings across the Persian Gulf to address differences and common interests.

Britain will wish to see EU dialogues with Iran succeed, while staying in touch with US to seek to limit the damage that USG and Congress might visit on JCPOA.

Britain should, in BICC's view, act more effectively than they have in the past two years to normalise banking relations with Iran. Our government should work more closely with our banks to obtain greater confidence that the JCPOA will not be undermined by the US executive or Congress and that there will be more clarity over enforcement of existing and potential future US primary sanctions at both the federal and state level.

EU

UK is still an EU member and our interests are and will remain consistent with those of the EU. A personal thought - maybe the nation will even change its mind about leaving.

Commissioner Mogherini's visit to Tehran in 2016 launched the Deputy Foreign Minister level political dialogue, Human Rights discussions, Trade talks and an Energy dialogue. That was hugely encouraging. From now the EU should:

- pursue its ambitious agenda with vigour and plenty of publicity
- lay the foundation for EU-Iran collaboration on peaceful nuclear energy and increase incentives for Iran to ratify the nuclear safety convention
- promote an all-round understanding of the problem of terrorism: IS and Al-Qaeda can only be fought by cutting out from beneath their feet the combination of policies and conditions in the region that deeply offend and threaten ordinary citizens, and ultimately turn a very small number of them into Daesh recruits; and
- combat the over-simplification under which Iran is described by some as the source of all problems.

To conclude, I bring greetings from Lord Lamont, Chairman of BICC, and from our members.

...stay on course with all aspects of the JCPOA. Change policies where necessary. Together we can achieve more.