

U.S.-U.K. Iran Policy White Paper

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The special relationship between the United States and the United Kingdom has been and will always be too big to fail, both pre- and post-Brexit. The bond is defined by common interests and values including democracy and the rule of law.

Washington and London also have common experiences in Iran—with Iranian leadership accusing both of fomenting coups, Iranian extremists attacking both countries' embassies, and the Iranian judiciary holding both countries' citizens as hostages to extract geopolitical concessions from the international community.

It's this shared history which positions the United States and the United Kingdom to develop a common and robust strategy to thwart Iran's malevolent machinations at home and abroad as a new prime minister takes office and as Brexit takes its course. Recommendations include designating the Islamic Revolutionary Guard Corps (IRGC) as a proscribed terrorist organization in the United Kingdom; leading an effort in the U.N. Security Council to amend U.N. Security Council Resolution 2231; ensuring there is harmony in U.S. and U.K. human rights sanctions; ensuring coordination in maritime security; and lastly persuading the U.K. government and companies to adopt an enhanced standard of due diligence, specifically Know-Your-Customer's-Customer (KYCC).

A Shared History

The British embassy's residency was a site of the 1943 Tehran Conference, where Winston Churchill, Franklin Delano Roosevelt, and Joseph Stalin plotted against Nazism during World War II. After the birth of the Islamic Republic in 1979, marauding militants assaulted both the U.S. and the U.K. embassies in Tehran. In 1979 Ayatollah Ruhollah Khomeini, the founder the Islamic Republic, greenlighted Iranian students' abduction of U.S. embassy personnel for 444 days. In 1987, during the height of the Iran-Iraq War, when Tehran accused London of supporting Saddam Hussein's war effort, Iranian agents kidnapped and beat Edward Chaplin, the chargé d'affaires of the U.K. embassy in Tehran. Later, in 2011, Iranian protesters stormed the United Kingdom's embassy in Tehran—an incident which the British ambassador claimed was “with the acquiescence and the support of the state.”

That's not to mention that today Iran continues to jail American and British dual-nationals who have been imprisoned on trumped-up charges without due process. Nazanin Zaghari-Ratcliffe, Babak and Siamak Namazi, and Michael White are just some of these hostages.

This shared legacy provides a platform for bilateral action despite the differences in approaches to the JCPOA. The United Kingdom's stated policy is to remain the accord—even in a post-Brexit world—while the United States has withdrawn. A recent Foreign and Commonwealth Office memorandum outlining plans for Iran sanctions post-Brexit noted, “Her Majesty's Government's (HMG's) policy on Iran consists of a dual-track approach of pressure and

engagement, with sanctions forming an important part of the pressure track. Its objective is to minimise Iranian activity and policy that is counter to UK security and foreign policy interests.” Thus, the United States should work with the United Kingdom to strengthen this “pressure track.”

Recommendations for a Post-Brexit Iran Policy

I. Designation of the Islamic Revolutionary Guard Corps as a Proscribed Terrorist Organization

In an unprecedented move, the U.S. government designated the IRGC as a foreign terrorist organization (FTO) in April 2019. Adding the IRGC to this hall of infamy was the first time Washington styled a state organ as an FTO. The United States had previously sanctioned the IRGC as a terrorist organization under existing authorities like Executive Order 13224. But the FTO decision represents a force multiplier in the existing U.S. sanctions architecture against Iran by criminalizing the knowing provision of material support to the IRGC.

The United Kingdom maintains a similar list of proscribed terrorist organizations. Pursuant to the Terrorism Act of 2000, the home secretary is charged with proscribing such organizations if he/she “believes it is concerned in terrorism, and it is proportionate to do.” Accordingly, this means the organization “commits or participates in acts of terrorism; prepares for terrorism; promotes or encourages terrorism (including the unlawful glorification of terrorism); or is otherwise concerned in terrorism.”

The IRGC clearly meets these criteria, given its record in threatening British nationals dating back to the 1980s. News [accounts](#) indicate that elements of the IRGC were responsible for the abduction and assault on Edward Chaplin, the U.K. chargé in Tehran, in 1987. In 2007, Shiite militants, under the direction of the IRGC, [kidnapped](#) British computer expert Peter Moore and murdered four British security guards in Iraq. In 2016, 40 Iranian state media outlets [contributed](#) \$600,000 as a bounty for the death of British-Indian author Salman Rushdie on the anniversary of Ayatollah Khomeini’s fatwa against Rushdie for his publication of *The Satanic Verses*. One of the outlets, Fars News Agency, is affiliated with the IRGC and committed \$30,000 alone to the bounty. That’s not to mention the recent seizure of the Stena Impero and the attempted impoundment of the British Heritage.

Any of these incidents would fall under the United Kingdom’s definition of terrorism.¹ The Chaplin abduction involved “serious violence against a person” given his severe beating. It was

¹ Terrorism, according to the Terrorism Act of 2000, “means the use or threat of action which: involves serious violence against a person; involves serious damage to property; endangers a person’s life (other than that of the person committing the act); creates a serious risk to the health or safety of the public or section of the public; or is designed seriously to interfere with or seriously to disrupt an electronic system. The use or threat of such action must be designed to influence the government or an international governmental organisation or to intimidate the public or a section of the public, and must be undertaken for the purpose of advancing a political, religious, racial or ideological cause.”

also “designed to influence the government” for the purpose of “advancing a political cause” given Iran’s accusations of British complicity in Saddam Hussein’s onslaught during the Iran-Iraq War. Ditto for the seizure of Peter Moore, which endangered his life, and was likely committed to intimidate U.K. forces stabilizing Iraq. Salman Rushdie’s experience is also terrorism since the Khomeini fatwa was a threat of action which endangered his life; it was intended to intimidate the public’s free expression; and was undertaken “for the purpose of advancing a religious cause.” And the recent capture of the Stena Impero and attempted apprehension of the British Heritage is also terrorism—it involved the use and threat of action which involves serious damage to property—the vessels—and created a serious risk to the health or safety of a section of the public. This piracy was also designed to influence the government—specifically its lawful seizure of the Grace 1—and was undertaken for the purpose of advancing a political cause—namely the Islamic Republic’s desire for political retribution and intimidation of the government of the United Kingdom to provide Tehran with the sanctions relief it is desperately seeking.

The last consideration is whether the proscription would be proportionate.² Such a designation would be entirely proportionate. The United Kingdom has already led the way in joining the United States in proscribing Hezbollah, in its entirety, as a terrorist organization in March 2019. Hezbollah is a satellite of the IRGC. Some [estimates](#) indicate Iran in recent years has supplied Hezbollah with over \$800 million annually—accounting for over three-quarters of the organization’s budget. The same goes for Bahrain’s al-Ashtar Brigades, an Iranian proxy, which is proscribed by both the U.S and U.K. governments. Indeed, in the past, the United Kingdom has sanctioned the IRGC’s top brass in their individual capacities—Hossein Salami, the IRGC’s new commander-in-chief, and Qassem Soleimani, the head of its Quds Force, have both [appeared](#) on its financial sanctions target list. If the home secretary has found Hezbollah and the al-Ashtar Brigades to be threats to the United Kingdom, their patron, the IRGC, surely shares that status. Likewise, if Britain has a history of sanctioning senior IRGC commanders, the militia’s characterization as a terrorist organization is appropriate.

Lastly, one of the factors the U.K. government is required to consider is “the need to support other members of the international community in the global fight against terrorism.” Supporting the U.S. government’s groundbreaking decision to name the IRGC as a FTO—and in the process thwarting the IRGC’s enduring threat to the United Kingdom—is in Britain’s national interests. Indeed, there’s growing support for such a move—in [2018](#), 69 British MPs publicly backed such a measure. For those who argue that proscribing the IRGC would undermine the Iran nuclear deal, the Joint Comprehensive Plan of Action (JCPOA) remains a nuclear arms-control agreement. Sanctions relief was nuclear-related. Addition to the proscribed terrorist organizations list is a fundamentally non-nuclear sanction.

² According to the U.K. criteria, “In considering whether to exercise this discretion, the Secretary of State will take into account other factors, including: the nature and scale of an organisation’s activities; the specific threat that it poses to the UK; the specific threat that it poses to British nationals overseas; the extent of the organisation’s presence in the UK; and the need to support other members of the international community in the global fight against terrorism.”

II. Amending U.N. Security Council Resolution 2231

U.N. Security Council Resolution 2231 enshrined and endorsed the JCPOA. Despite the United States' withdrawal from the JCPOA, Resolution 2231 remains in effect. The international arms embargo imposed on Iran under Resolution 2231 expires by October 18, 2020. This means that the supply, sale, or transfer of any guns, howitzers, mortars, battle tanks, armored combat vehicles, combat aircraft, attack helicopters, warships, and missiles or missile systems to or from Iran will no longer require U.N. Security Council approval. U.N. member-states will also no longer be obligated to prevent such arms-transfers from Iran. The expiration of this arms embargo will have immediate destabilizing consequences for Yemen, Bahrain, Lebanon, Syria, Iraq, and Israel. Terror organizations like the IRGC, the al-Ashtar Brigades, Hezbollah, Hamas, Palestinian Islamic Jihad, and the Houthis are the likely beneficiaries of this sunset provision. Likewise, by October 18, 2023, Resolution 2231's provision, which "calls upon Iran not to undertake any activity related to ballistic missiles designed to be capable of delivering nuclear weapons, including launches using such ballistic missile technology," expires.

The United States has been warning of these fast-approaching sunsets—all negotiated under the auspices of the JCPOA. Such expirations directly threaten U.K. security. Hossein Salami, the IRGC's new commander-in-chief, [warned](#) in 2017 that Iran is prepared to increase the range of its missiles to greater than 2,000 kilometers, threatening Britain and potentially the United States. Salami [said](#), "[i]f we have kept the range of our missiles to 2,000 kilometers, it's not due to lack of technology... We are following a strategic doctrine... So far we have felt that Europe is not a threat, so we did not increase the range of our missiles. But if Europe wants to turn into a threat, we will increase the range of our missiles." Resolution 2231's sunsets only enable such blackmail.

The United Kingdom should partner with the United States to convince the Security Council—whose other members are similarly threatened by Iran's ultimatum to increase the range of its missiles—to adopt mandatory prohibitions guarding against such behavior in line with previous resolutions, like U.N. Security Council Resolution 1929.³

III. Harmonizing Human Rights Sanctions

The U.K. government has begun laying the groundwork for the post-Brexit human rights sanctions architecture on Iran through promulgation of the Iran Human Rights (Sanctions) (EU Exit) Regulations 2019. This sanctions regime, [according](#) to the Foreign and Commonwealth Office, will have "substantially the same effect" as the existing EU Iran (Human Rights) sanctions architecture.

³ Instead of "calls upon" standard adopted by U.N. Security Council Resolution 2231, Resolution 1929 stated, "Iran *shall not* undertake any activity related to ballistic missiles capable of delivering nuclear weapons, including launches using ballistic missile technology, and that States shall take... necessary measures to prevent the transfer of technology or technical assistance to Iran related to such activities."

Currently, the United Kingdom has imposed [asset freezes](#) on 82 individuals and one entity for human rights abuses in Iran. In contrast, the United States has [sanctioned](#) 20 individuals and 13 entities for human rights abuses under Executive Order 13553. Harmonization in sanctions targets is important for a pressure campaign to have maximum effect. For instance, the United States has sanctioned Evin Prison for human rights abuses, while neither the European Union nor United Kingdom has done the same—this comes despite the fact that citizens from both countries are currently languishing in Evin Prison on bogus charges.

IV. Increasing Coordination for Commercial Vessels in the Middle East

The United Kingdom has been on notice for some time about the threat Iran poses to shipping in the Persian Gulf, Strait of Hormuz, and Gulf of Oman. Iran has seized European and U.S. ships in the past. In 2004 and 2007, Iran captured members of the U.K. Royal Navy. In April 2015, during the negotiations over the JCPOA, Iran [seized](#) the Maersk Tigris over a legal dispute with Maersk, a Danish company. Not only did Iran impound the vessel, but it [fired](#) shots across the Maersk Tigris' bow to force it to change course. And in 2016, Iran abducted U.S. Navy riverine command boats and detained ten American naval personnel.

The United Kingdom's announcement that it will work with the United States to protect the freedom of navigation in the region is welcome news in the aftermath of Iran's seizure of the Stena Impero. In the coming weeks it will be important for Britain to recruit other European nations to join in this effort. A separate European maritime security effort will only cause confusion and inefficiencies. Europe must not allow Iran to use the JCPOA as a shield to prevent any accountability for its malign non-nuclear behavior.

V. Know Your Customer's Customer

Today, in the aftermath of the U.S. withdrawal from the JCPOA, no reputable company will risk violating U.S. and international sanctions, and every company is certain to apply the best practices of Due Diligence (DD) and Know-Your-Customer (KYC). However, in order for a maximum pressure campaign to succeed, a broader conceptual shift in how the business community thinks about Iran is needed, one that deploys at a minimum Enhanced Due Diligence (EDD) and Know-Your-Customer's-Customer (KYCC) practices.

Existing KYC standards are currently used to protect businesses from engaging directly with sanctioned individuals and entities. But ties to Iranian sanctioned entities may still occur indirectly. In particular, customers' customers may be engaging in questionable or unlawful behavior, including money laundering, terror financing, and sanctions evasion. This leaves a dangerous sanctions gap that needs to be plugged so sanctions can have their full intended effect and puts businesses at significant risk of reputational damage.

For example, Bimeh Iran is on the U.S. government's list of sanctioned entities—for its ties to Iran's nuclear and missile programs—but confusingly it's on the Bank of England's list of authorized insurance entities even though the financial services register indicates it doesn't have permission regarding "effecting contracts of insurance." As a result of a UANI inquiry, the

Prudential Regulatory Authority of the Bank of England, which is responsible for the regulation and supervision of around 1,500 banks, confirmed this disconnect. A more exacting standard of due diligence, like KYCC, could protect against doing business with entities such as Bimeh Iran.

Now is the time for a conceptual shift in how global companies think of Iran as a trading and investment opportunity. Iran is the world's leading state sponsor of terrorism and the facilitator of slaughter around the world. Business and trade with this regime should be as unthinkable as doing business with other murderous regimes and transnational terror organizations, including North Korea, al-Qaeda and ISIS.

The United Kingdom should work with the United States in conditioning companies within their jurisdictions to adopt KYCC standards as not doing so undermines broader U.K. government policy and subjects its companies to legal, financial, and reputational risk. At the very least, Britain should withdraw from the Instrument in Support of Trade Exchanges (INSTEX) given Iran's history of intermingling licit and illicit trade in its banking sector. For example, the U.S. Treasury Department designated Parsian Bank, which Iran claims is used for humanitarian transactions, as a specially designated global terrorist (SDGT) in November 2018 for its ties to the paramilitary Basij force.

Conclusion

Along with the special relationship between the United States and the United Kingdom comes a special responsibility to jointly combat global threats—and Iran is one of the greatest. Brexit and the selection of a new prime minister provide the United Kingdom with an opportunity for a reset—to unshackle itself from the European Union's stale logic that moderates in Iran can be empowered at the expense of its hardliners. When Iran's hardliners control its deep state—the supreme leadership, the security services, and the judiciary—there is no room for meaningful moderation in the Islamic Republic. Iran, rather than being a normal country, remains a radical cause. These recommendations will go a long way in recognizing that inconvenient truth.