



**NAVIGATING UNCERTAINTY IN IRAN & THE GULF:  
EMERGING TRENDS, RISKS AND OPPORTUNITIES  
FOR INTERNATIONAL BUSINESS**

**BUSINESS INTELLIGENCE REPORT BY:**



**STRATEGIC INTELLIGENTIA**  
Geo-Political Risk Consultancy in the Middle East

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Front Cover: Satellite Picture of the Persian Gulf

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## 1. Foreword: Towards a New Gulf Order?

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This report by Strategic Intelligientia identifies the risks and opportunities for businesses in the GCC States and Iran. By drawing on Strategic Intelligientia's 'in house' regional expertise, extensive interviews with leading government and defence officials in the Middle East, US, EU and UK as well as quantitative data gained through a unique 'business sentiment' survey of UK and internationally based companies operating in the region, this report aims to provide business readers with a comprehensive understanding of the current political and economic landscape in the Gulf and Iran and future key risks and trends that businesses should be mindful of.

The 'Iran and the Gulf 2014' report is produced at a time of unprecedented change in the Gulf and against the backdrop of a perception that the US is withdrawing from the Gulf in its pivot towards Asia – a move which is already leading to strategic realignments within the region itself and, many argue, providing an opening for Russia and China. As such, whilst the Gulf economies present lucrative opportunities for businesses, dynamic political risks remain perennially high and driven by a combination of domestic concerns and broader geo-political manoeuvring. Optimism has nevertheless surged on the hope that Iran may finally be slowly 'coming in from the cold' following the 'historic' P5+1 interim deal signed in November 2013 between Iran and the five permanent members of the UN Security Council (US, China, Russia, UK, France) plus Germany which aims to provide Iran with sanctions relief in return for it suspending its nuclear enrichment programme. Should diplomatic talks be successful and a final comprehensive deal be reached with Iran, the potential for military escalation in the region will be reduced and it would be expected that Iran would slowly 'open up' to international trade once more.

However, it is by no means clear that such optimism is well founded. Indeed, companies hoping to do business with Iran in the short-term are urged to exercise caution and curtail optimism for a significant repealing of sanctions in the short term (6-12 months) as unsatisfactory progress in negotiations could see the agreement nullified and sanctions extended. Crucially, in the event of a collapse of talks following an initial agreement, a strengthening of the sanctions regime is a highly likely outcome. The outcome of the current negotiations with Iran will also impact other Gulf economies, with Dubai in particular likely to emerge as the main re-export hub for goods entering Iran and the primary conduit for capital and financial services for the Islamic Republic. At the same time, should Iran pursue a path towards a de-facto nuclear breakout capability as feared, this will accelerate Israeli plans to see a military solution which would increase tensions in the region and prove deleterious to business confidence throughout the Gulf.



To explore these vital questions and legitimate concerns, this report (1) examines trade relations between Iran and the Gulf and explores who the potential beneficiaries and losers are of the emerging 'new Gulf order' in light of the possible relaxation of Iran sanctions; (2) provides a detailed examination of the US, EU and UK sanctions regime; (3) explores the P5+1 Agreement and the future of Iran sanctions; (4) critically explores the myths and realities around Iran's ability to achieve nuclear break-out capability; (5) examines the likelihood of increasing tensions between Iran, its neighbors and the West; (6) outlines to what extent military strikes against Iran present a legitimate risk and what the consequences of strikes would be; (7) assess the impact of sectarianism and proxy warfare in Syria and Iraq upon the GCC States; (8) the rapid reach of IS (formerly known as ISIS) across Iraq, into Syria and Lebanon leading to US led airstrikes against ISIS and has made GCC States increase their defences and alliance and their strategic competition with Iran. (9) evaluate the future of US involvement in the Gulf and to what extent this opens the door to Russia and China to assert their respective political, economic and business interests in the Gulf and offer an insight into the increased levels of Chinese investment and trade in Saudi Arabia and Dubai.

Barak Seener, (December 2014)  
- Strategic Intelligientia, Founder & Chairman.