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How Much Solidarity with Iran can the China-led SCO afford?

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By Dr. James M. Dorsey



A planned China and Russia-led show of support for Iran at next month's *Shanghai Cooperation Organization (SCO)* summit is likely to be primarily symbolic unless the group opts to honor the Islamic republic's bid to be upgraded from observer to full member.

Yet, even a symbolic SCO gesture at its June 9-10 gathering in the Chinese city of Qingdao that would denounce the U.S. withdrawal from the 2015 international nuclear agreement with Iran and imposition of harsh sanctions could prove tricky.

The meeting is expected to be attended by the presidents of China, Russia, Iran India, Pakistan, Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan. It will come a day after the leaders of G-7 that groups the United States, the European Union, Japan, Canada, Britain, France, and Germany are **unlikely to find common ground on Iran at their summit in Quebec.**

Saudi Arabia and the United Arab Emirates will presumably not look kindly at solidarity at a time that the underlying motto of US and Saudi policy towards Iran appears to be isolation and regime change.

Saudi Arabia and the UAE moreover fear that membership in the SCO, which groups four Central Asian nations as well as Pakistan and India alongside China and Russia, would grant Iran a veto over their potential association with the grouping. With Israel and others

interested in joining the SCO, that may be the reason why the group has so far dragged its feet on Iranian membership.

China and Russia, like Europe, are signatories of the nuclear agreement, but less concerned than Britain, France, and Germany about the threat of US sanctions against their own companies who do business in Iran. At least officially, they have so far not factored in a potential Saudi and UAE response to efforts to defeat the sanctions and salvage the agreement.

As a result, **Chinese and Russian state-backed companies are maneuvering** to profit from European firms like French oil company Total that are leaving Iran in the belief that the European Union will not be able to shield them from US retaliation.

Swiss lender *Banque de Commerce et de Placements (BCP)* said on Tuesday that it had **suspended new transactions with Iran** and was winding down Iran-related activities. Earlier, Germany's second-biggest lender, DZ Bank, said it would halt financial transactions with Iran in July.

For its part, India, despite being dependent on energy from the Gulf, has vowed to keep trading with Iran irrespective of the fallout from US sanctions. **"India follows only UN sanctions and not unilateral sanctions by any country,"** said Indian Foreign Minister Sushma Swaraj.

Pakistan could find itself in the most difficult situation given its close political, military and cultural ties to Saudi Arabia and the UAE and its 700-kilometer long border with Iran.

The degree to which SCO members could find themselves between a rock and a hard place will depend on what strategy the United States and Saudi Arabia adopt in possible attempts to change the Iranian regime.

So far, the Trump administration appears to see the economic pressure that would fuel already widespread discontent in Iran as its best bet. That could change however if efforts by SCO members as well as Europe succeed in countering US sanctions and salvaging the nuclear deal.

Complicating the debate about how best to confront Iran is the fact that senior aides to President Donald J. Trump have close ties to a controversial Iranian exile group, the *Mujahedeen-e-Khalq (MEK)* or Holy Warriors of the People, seeking the overthrow of the government in Tehran that also enjoys Saudi support.

The group, believed to be responsible for the killing of several American military personnel and contractors in Iran in the 1970s, was designated by the U.S. Treasury in 1997 and delisted in 2012, a year after **a host of former US and British officials**, came out publicly in support of the group.

Many of the officials have attended and addressed MEK rallies, allegedly in exchange for

handsome fees and all-expenses-paid trip. MEK, which first gained recognition for its opposition to the Shah of Iran, has **denied paying for speaking engagements**.

Mr. Trump's national security advisor John Bolton and Richard Giuliani, one of his top lawyers, were among the speakers.

"The declared policy of the United States of America should be the overthrow of the mullah's regime in Iran. Before 2019, we here will celebrate in Tehran," Mr. Bolton told an MEK rally less than a year before his appointment by Mr. Trump.

"The regime is evil, and it must go. Free Iran," added Mr. Giuliani.

Others who have backed the group include former FBI director Louis Freer, former British home secretary Lord Waddington, former US Homeland Security Secretary Tom Ridge, three former chairmen of the Joint Chiefs of Staff, two former directors of the CIA, former commander of NATO Wesley K. Clark, two former U.S. ambassadors to the United Nations., former national security advisers Fran Townsend and General James Jones, and 93 members of Congress.

US officials said at the time that the group had been delisted after it had renounced violence and cooperated in closing a paramilitary base in Iraq from where it was operating since declaring its support in 1983 for Iraq in the Iran-Iraq war.

*"As far as the MEK is concerned, their guy is in the White House. They're tied in this together. **John Bolton is the MEK's guy in the White House**"* said Joanne Stocker, a journalist who has tracked the group for almost a decade,

The group also has the backing of Saudi Arabia, which has developed plans and invested in building blocks for **potential covert operations to destabilize Iran**.

A Syrian opposition news website reported this week that **Saudi Arabia was funding and providing logistical support** to the U.S.-backed Democratic Union Party (PYD), a battle-hardened Syrian Kurdish group that has proven its mettle in fighting the Islamic State.

The public face of the kingdom's backing of the MEK is former Saudi intelligence chief and ex-ambassador to Britain and the United States, Prince Turki al-Faisal.

*"Your legitimate struggle against the (Iranian) regime will achieve its goal, sooner or later. **I, too, want the fall of the regime**,"* Prince Turki, echoing the statements by Messrs. Bolton and Giuliani, told an MEK rally in Paris in 2017.

One-time MEK National Liberation Army commander and security chief, Massoud Khodabandeh, who turned against the group in the second half of the 1990s, says that **"I personally have brought money and gold from Saudi Arabia to Iraq for the Mujahideen... It was three trucks of gold... I would say about a ton each."**

A **2012 report by the Library of Congress** identified Mr. Khodabandeh and his wife as Iranian intelligence agents. The report said the couple had agreed to cooperate with the Iranian Ministry of Intelligence and Security after it threatened to kill Mr. Khodabandeh's brother and confiscate extensive real estate holdings in Tehran owned by his mother.

More recently, MSNBC's Richard Engel reported that Gulf states had funded **construction of an MEK military base in Albania**.

The MEK **has denied receiving any foreign assistance**, insisting that it is wholly funded by members and supporters.

The MEK is widely believed to have been responsible for a series of bombings in Iran in the immediate aftermath of the 1979 toppling of the Shah. that killed scores of post-revolution leaders.

Dutch media reports suggested last week that an Iranian exile killed in Amsterdam in 2015 was an MEK operative who had been sentenced to death in Iran for bombing a gathering of officials in Tehran in 1981.

Seventy-three people were killed in the attack, including Ayatollah Mohammed Beheshti, the second most powerful cleric at the time after Ayatollah Ruhollah Khomeini, as well as four ministers and numbers of members of parliament.

It's unclear what degree of support the MEK enjoys in Iran today with many analysts convinced that the group lost sympathy when it sided with Iraq against Iran. **Groups associated with the MEK** have claimed credit for protests in recent years in the oil-rich province of Khuzestan, that has a significant ethnic Arab population. Iranian Arab activists deny the groups' assertions.

Saudi backing of groups like the MEK and PYD as well as ultra-conservative, anti-Shiite, anti-Iranian forces in the troubled Pakistani province of Balochistan that borders on Iran could potentially pose a serious problem for the leaders of the SCO.

Heightened tension in Balochistan could threaten China's \$50 billion-plus infrastructure and energy investment in the China Pakistan Economic Corridor (CPEC), a crown jewel of the People's Republic's Belt and Road initiative.

So far, China is in good company with much of the international community opposed to the abrogation of the Iranian nuclear agreement and, at least in the word, determined to defeat US efforts to bring Iran to its knees with sanctions.

Yet, like many in the international community with Europe in the lead, China may find that putting its money where its mouth is could prove in the final analysis problematic.

Similarly, Russia has much at stake after having forged **close cooperation with Saudi Arabia in managing world oil prices** while attempting to ensure that Iran's presence in

Syria does not escalate into a war with Israel.

If Europe's Achilles Heel is obstacles to putting credible mechanisms in place to protect its companies against US sanctions, China's weak spot is its **ruthless campaign to tame Islam in China**, particularly among Uighurs in the strategic northwest province of Xinjiang.

So far, it has been able to do so with little international response because Saudi Arabia and other Islamic states have looked the other way. The question is whether an effective Chinese countering of US sanctions that would significantly weaken the impact on Iran may prompt Saudi Arabia and others to revisit the issue.

About the Author:

Dr. James M. Dorsey is a senior fellow at the S. Rajaratnam School of International Studies, co-director of the University of Würzburg's Institute for Fan Culture, and co-host of the **New Books in Middle Eastern Studies** podcast. James is the author of **The Turbulent World of Middle East Soccer** blog, a book with the same title as well as **Comparative Political Transitions between Southeast Asia and the Middle East and North Africa**, co-authored with Dr. Teresita Cruz-Del Rosario, **Shifting Sands, Essays on Sports and Politics in the Middle East and North Africa**, and the forthcoming **China and the Middle East: Venturing into the Maelstrom**.

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