

Iraq-British Business Council - Speech by Lord Howell of Guildford
Mansion House 24th May 2022

I am not going to comment on many challenges facing Iraq – many here know them better than me . Nor do I necessarily feel happy about some of the paths on which you are set . On these things we have to agree to disagree.

But instead I will give you the changing British view of how we see the world and your region, and the place of your potentially great and talented nation within it – as a partner and a friend.

Some have criticised the UK’s alleged incoherence of direction and purpose in an age of international instability

That I would reject. But I would say that in a fast-moving international scene certain new conditions have hardened into reality.

1. The age of blocks and institutional hierarchies is over. (EU are good neighbours, and we must work on that. But no it is no longer a coherent block, built, as it is on a 20th century treaty view of the pre-digital world.
2. The age of tying ourselves to apron strings treaties to others is over. A new special relationship with America has to be crafted. America is a good partner, but not, as sometimes seem assumed, the boss or master figure who must always be followed. We have our own views, which often differ from the USA’s well-intentioned but diplomatically clumsy – and dangerous way of dividing the world between good and evil. Don’t agree with Manichean approach of everyone either in the good camp or the bad camp.
3. The age of everyone having to be in spheres of influence is over. We must be on guard against Chinese , who see things quite differently.

Instead, We are moving into a world where like-minded coalitions need to be quickly formed to deal with specific issues. Thus on climate ,we need to work with all who are willing, to head us off from the path to disaster to which our present inadequate policies are leading us.

On migration the same. The world, tragically, is on the move, with at least 60 million people seeking, although often failing – to move away from their past lives and locations and seek a better life elsewhere

On energy transition, which must be gradual, the world is confronted with the biggest shift since the Industrial Revolution- indeed far, far bigger. Losing balance in the move gradually away from fossil fuels will lead to just the sort of impossible price spikes and supply chaos we have now and which, if repeated, will destroy all attempts at decarbonisation for good.

On trade, investment and development support you will now see a far more distinctive UK offer, aimed and tailored bilaterally to fit greatly varying conditions and to help our friends in particular.

In the UK's case we have the Commonwealth of like-minded nations, although China is nibbling away at it, and will undermine its potential, unless we end our policy of relative neglect and disinterest which allows other interests to take over.

Finally, let me say something on Energy prices, oil markets, Russian exports and the OPEC stance.

The late Sheikh Yamani, whose memory I shall be honouring at his Foundation dinner tomorrow night, always argued that OPEC was a force for stability in oil markets and the world- taking over from the old Seven Sisters giant oil companies.

I have no hesitation in saying that today OPEC is major source of instability in taking its current stance on production.

Arguing, as OPEC has at its latest gathering, that oil markets are fundamentally balanced at present output levels, plus a few hundred thousand mbd, is nonsense.

There is nothing balanced about \$120 oil, as now, or about compelling European states to go on buying Russian oil (and gas) at this inflated price, thus directly ensuring the continued financing of Putin's unprovoked war of butchery in Ukraine.

Another 2 or 3 mbd is easily and quite quickly available from the biggest producers, despite denials. Iran could add a further 1bn, once the nuclear agreement is settled.

The refusal -to-cooperate stance will bring much grief to all major OPEC producers. Demand for oil is due to peak in three or four years time, and oil intensity is declining steadily.

A change of stance should be the UK's diplomatic priority. And anyway, the global price of gas is now plummeting as the high seas and our ports fill up with surplus frozen gas cargoes.

Handled right, this situation could rapidly bring down consumer prices and completely wrong foot all the gloomy predictions for further impossible rises in energy prices which pour from the BBC, from Ofgem, from distributors, from economists and from MPs. All could be proved spectacularly wrong.

We shall see how this turns out. It is highly likely that in a few years, even in months, the 'normal' pattern of surplus oil and gas world-wide will return, taking most of the steam out of our 10% inflation rate.

Anyway, it should be brought home to both oil producing countries, and others, that there is no genuine neutrality between orderly government and vicious and unprovoked aggression by one state against another.

That is the foundation principle of the modern world, wisely though painfully constructed out of the ashes of the Second World War more than 75 years ago.

I leave it there and just end by saying that while the hot and ugly war continues in Ukraine we are in fact fighting many less visible but equally damaging and dangerous wars.

There are the intelligence and cyber wars, the economic wars, the sanctions wars, the culture wars, the fake news and propaganda wars, the wars of law against tyranny, as well of course as the climate wars. All of these are being weaponised as nations confront each other. All of these can kill and destroy.

And against all of these 'wars', proxy and real, visible and invisible, open and secret, responsible nations have to work together as never before in history (or in the words of Benjamin Franklin hang together – otherwise we will hang separately).

I pray and hope that nations such as mine, and nations such as modern Iraq, can be as far as possible together and close in this unending struggle.
