



# What will a Boris Johnson Premiership mean for Business in the MENA Region?

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Boris Johnson was elected leader of the Conservative Party on Tuesday 23 July, and appointed Prime Minister of the United Kingdom on Wednesday 24 July. The duration and implications of a Johnson premiership are difficult to predict. He will be entering 10 Downing Street with the self-assumed task of extracting the UK from the European Union (EU) by 31 October with or without a deal, “do or die”, as promised during his leadership campaign. He will have a Commons majority of only two or three votes (and probably no majority at all on key Brexit issues) and a recalcitrant Parliament determined to prevent no-deal.

Beyond Brexit, one of the early foreign policy tests facing Prime Minister Johnson and his newly appointed Foreign Secretary Dominic Raab will be how they respond to the fast moving developments in the Gulf, particularly the recent seizure of a British oil tanker by the Iranian Revolutionary Guard Corps (IRGC). The Prime Minister's response will indicate the broader posture he intends to take vis-à-vis relations with the Middle East and North Africa (MENA) countries. Given the current uncertainties in the region, it is important that businesses operating in the Middle East or with interests in the region consider how Johnson's policies and positions may affect their decision-making and business strategy as soon as possible.

It has been suggested that Prime Minister Johnson will be (even) more willing than his predecessor to side with President Trump on key geo-political issues. This is likely to extend to the UK Government's stance in the MENA region. In the event of a no deal Brexit, Johnson's administration will be under intense pressure to conclude trade agreements as quickly as possible, including with key Middle Eastern partners. This alert sets out a number of foreign policy challenges the Prime Minister will face in the region, a preliminary view on how he is likely to respond to those challenges, and the possible implications for business.

## UK-Iranian relations

Following the seizure of a British oil tanker sailing through the Straits of Hormuz on 19 July by the IRGC, the UK and its European allies reaffirmed the critical importance of safe passage for vessels through the Gulf. It has been reported that the UK Government is considering limited sanctions targeted at senior ranking officials of the IRGC, and the EU has supported the UK's general position in responding to the seizure. Despite these tensions, both the EU and UK remain publically committed to the 2015 Joint Comprehensive Plan of Action (JCPOA) which lifted most restrictions on trade and investment with Iran. However, it is possible that Prime Minister Johnson will take an increasingly critical approach towards Iran to accommodate the Trump Administration and counter the perception of Britain's diminishing influence in the region. Accordingly, UK and wider businesses with interests in Iran should make contingency plans for a shift in UK Government foreign policy towards the country.

## Promoting Global Britain in the Gulf: a 'trade-first' approach

Johnson's promotion of 'Global Britain' as Mayor of London, during the referendum campaign and as Foreign Secretary included a commitment to growing the UK's bi-lateral trade relations with the Gulf. He continues to expound the benefits of leaving the EU's customs union to regain an independent trade policy, through which he envisages the UK striking trade agreements with growth regions around the world. During Johnson's tenure as Foreign Secretary, the UK agreed a £65 billion agreement for future direct investment and public procurement opportunities with Saudi Arabia. This is in the wider context of over 200 British joint ventures, valued at £11.5 billion, currently operating in the UAE. Moreover, in April 2013, as Mayor of London Johnson led a trade mission to the Gulf to attract investment into the capital and build ties with Middle Eastern businesses. During that trip, the Qatari State expressed desire to increase its cumulative £20 billion investment in the UK further and promote the work of the Qatar British Business Forum.

It is expected that the new Prime Minister will continue to prioritise trade and investment with the Gulf, particularly if the UK leaves the EU without a deal and free trade agreements become an urgent priority. He will be building upon the work done by the May Government in this regard. The then International Trade Secretary, Liam Fox, said he was "looking forward" to a trade agreement with the Gulf Cooperation Council (GCC), and had separately approached the UAE to begin discussions of a free trade agreement in February 2019. However, Johnson's 'trade first' approach is likely to be increasingly visible in these negotiations. Whereas the EU has traditionally coupled the reduction of tariffs and quotas with a commitment to good governance, human rights and environmental standards, there are a growing number of voices in the UK Conservative Party who argue that these issues should be 'de-coupled'. Whether and to what extent the UK Government pursues this 'trade first' approach will be critical in the MENA region, where oil rich kingdoms have been challenged over their commitment to environmental and social standards. There has been significant public criticism of UK arms sales to the Kingdom of Saudi Arabia (KSA) and other governments in the Gulf against the backdrop of escalating regional military conflict, in addition to legal action brought in the UK courts by campaign groups on the legality of such exports. On 20 June, the High Court held that UK government military export licences permitting arms sales to KSA were unlawful and should be reviewed as there was a risk that the weapons might be used in violation of international humanitarian law. Boris Johnson's policy response will be an indication of just how far this 'trade first' policy will extend.

## Relations with North Africa: A stability first approach

How Boris Johnson approaches the political tumult in Libya, Egypt and across North Africa will be an early test for his premiership. Algeria and Sudan pose similar challenges and it is expected that Johnson will increasingly prioritise stability over nascent attempts to institute democratic governance reform.

Relations may improve with Egypt: as Foreign Secretary, Johnson met with President Abdul Fattah al-Sisi to discuss means of deepening the bi-lateral arrangements and reemphasised their economic bonds and collective fight against terrorism. This platform was built upon during the 2019 EU-League of Arab States summit in Sharm El-Sheikh, where the then Prime Minister Theresa May was in attendance.

Despite past diplomatic indiscretions over the crisis in Libya, Boris Johnson's positioning of the UK vis-à-vis General Khalifa Haftar's offensive strategy in Libya will have consequences for business in the region. The international community must deliberate over whether to prioritise the stability offered by General Haftar or the democratic solution sought via the United Nations-brokered peace process. In what will become a golden thread in Johnson's foreign policy, it is expected that he will depart from the UK Government's long held position of supporting the UN-backed Government of National Accord and follow President Trump's lead, titling towards General Haftar. In accepting that democratisation is a distant prospect, a stable regime may increase the trade, investment and business prospects in Libyan infrastructure projects, like the deep-sea Port of Susah, creating opportunities for investors. Moreover, Johnson's Principal Private Secretary at the Foreign Office, Martin Reynolds, was appointed as the UK's Ambassador to Libya in April 2019, which may push Libya up the Prime Minister's priority list.

## Immigration into the UK

Access to UK tourist, business and student visas are increasingly important for businesses in the MENA region as mobile workforces and ease of travel are ever more vital to maintain international operations. Boris Johnson's internationalist and pro-migration stance as Mayor of London contrasts with his leadership of the Leave campaign

during the Brexit referendum, where controlling immigration was a crucial and vote winning message. However, Johnson's pro-migration views have manifested in a commitment to a skills-based migration system that removes the previous Conservative Party commitment to keep net annual immigration below 100,000. India has been unequivocal in demanding student visas in any future trade agreement, and should Middle Eastern countries make similar demands, businesses should expect a robust visa arrangement to facilitate the flow of workers to and from the UK.

## DLA Piper's offering

This is an uncertain period across the Middle East region, including in the Gulf. It is expected that Prime Minister Johnson will adopt an Atlanticist approach to the region. The UK's position may shift significantly, specifically as the 'Global Britain' agenda prioritises trade above all else. It is vital that businesses operating in, or considering entering into, the MENA region take account of these changes and how they affect their commercial operations. DLA Piper's Global Trade and Government Affairs Team of former ministers, trade negotiators, legal and political advisors is well placed to help clients understand and navigate the political turbulence; identify the commercial risks and opportunities; and take the appropriate public policy, regulatory and government affairs driven decisions to mitigate and succeed in this environment.

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