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The Canon Institute for Global Studies  
Foreign Affairs and National Security Group

## **The 23rd PAC Policy Simulation: A Restoration of the Persian Empire? Summary Report and Assessment**

### **1. Summary**

From Saturday, July 9 through Sunday, July 10, 2016, the Canon Institute for Global Studies (CIGS) held the 23rd PAC Policy Simulation: “Will the Persian Empire be restored?” The theme of this simulation was the future state of affairs in the Middle East, focusing mainly on destabilization of the regional order due to a worsening relationship between Iran and Saudi Arabia in the first half of 2020, resumption of nuclear development by Iran, and an increasing influence of Islamic extremists. In particular, it examined how Iran would behave and what kinds of policies other countries would adopt with respect to Iran, eyeing the end of the freeze of nuclear development pledged by Iran comprehensive (about 10 years) under the Joint Comprehensive Plan of Action (JCOA) (2015).

Approximately 40 people, including active government officials, researchers, businessmen, and journalists, participated in this two-day simulation, from which numerous lessons learned and issues were identified. The simulation involved the role-playing of the following teams and players: Iran, consisting of the President, the Minister of Foreign Affairs, the Minister of Defense, the commander of the Army of the Guardians of the Islamic Revolution, and others; Saudi Arabia, consisting of the king and prince (Minister of Defense), Minister of Foreign Affairs, Chief of Staff, and others; the US government, consisting of the President, Secretary of State, Secretary of Defense, Assistant to the President for National Security Affairs, and others; the Japanese government, consisting of the Prime Minister of Japan, the Chief Cabinet Secretary, the Minister of Foreign Affairs, the Minister of Defense, and the Director of the National Security Secretariat, and others; China, consisting of the President, the Prime Minister, the Minister of Foreign Affairs, the Minister of Defense, the Chief of Staff of the People’s Liberation Army, and others; the Russian Federation, consisting of the President, the Prime Minister, the Minister of Foreign Affairs, the Minister of Defense, the military Chief of Staff, and others; and the media (Japanese and international).

As was done during the previous simulation, for this policy simulation CIGS collaborated with LINE Corporation in using the LINE messaging platform to facilitate information distribution (text, images, video), communication, and information sharing by each team. Most players carried tablet devices to facilitate information acquisition and distribution at all times, which allowed them to grasp the developments in the simulation in real-time.

### **2. Setting the scene for the scenario (premised to be the year 202X)**

**\* Refer to attachment, “Situation of each country.”**

- During the first half of the 2010s, the momentum of the advance of the Islamic State (IS) in the Middle East took it as far as Baghdad temporarily. However, IS was hit both in terms of its personnel and its economic activities thanks to the air strikes totaling in the tens of thousands conducted by the US and Russia, counterattacks by the militaries of Iraq and the

Syrian government, with support from other countries including Iran, as well as concerted international action to cut off IS's sources of funding. As a result, its area of control was curtailed. As of 202X, it had lost control of as much as 70% of the territory it had dominated at its peak around 2014-2015, and its former strongholds such as Fallujah and Aleppo had fallen and were back under the control of their national governments.

- While IS maintains forces centered on Mosul, Iraq, as its organization has weakened it has found it more difficult to recruit new members. On the other hand, terrorism in developed countries has grown more active since the large-scale terrorist attack in Paris in November 2015, with a succession of terrorist attacks involving 100 or more victims killed or injured occurring across the West, including Russia and Turkey: in Brussels and Istanbul in March 2016, in Dresden and Stockholm in 2017, in Cologne, Moscow, and Madrid in 2018, and again in Paris in 2019. In addition, Western states have suffered from sporadic lone-wolf terror attacks by individual self-claimed IS sympathizers. It appears that as IS weakens in its main territories fighters who had been active in IS-controlled territory are returning to their home countries where they are involved in sporadic advanced terror attacks.
- In the Middle East, as its control of land collapses, IS is shifting toward terrorist activities on the sea. In particular, suicide bomber attacks using small boats loaded with explosives are occurring frequently in the Persian Gulf region, and in the Red Sea an oil tanker bound for France was sunk by an unidentified suicide bomber. IS claimed responsibility for the attack.

### 3. Transitions of policy simulation

#### (1) Four phases and points of examination

**1st phase: Street demonstrations in eastern Saudi Arabia; accidental collision with US military aircraft in the Persian Gulf; reconsideration of the nuclear agreement?**

- Street demonstrations by Shiite residents break out in multiple cities of eastern Saudi Arabia (Dhahran, Qatif, Jubail, Dammam). Some of the demonstrators grow violent, destroying some local properties including petroleum refinery and storage facilities.
- A US reconnaissance plane (P-8) patrolling the Persian Gulf had a minor collision with an Iranian air force fighter (Su-35), resulting in damage to both aircraft.
- The US indicates plans to reconsider the 2015 JPCOA, and Iran states that it has the capability to resume production of enriched uranium immediately if the US were to revoke the agreement.

**Points:** (i) Spurred by the arrests of a number of religious leaders in succession, the Shiite residents of eastern Saudi Arabia are increasing their frustration with the Saudi authorities. Cooperation with Iran in some of the unrest have been suggested as well. (ii) Iran's enhancement of its conventional forces over the past 10 years has resulted in steady expansion of the A2/AD environment. (iii) Is there a way to restrain Iranian nuclear development if the JPCOA were revoked?.

**2nd phase: Further worsening of Iran-Saudi Arabian ties; tensions in the Strait of Hormuz; a fluid situation in Yemen**

- The Saudi Ministry of Interior announces that it has arrested 10 Iranians thought to be special forces of the Army of the Guardians of the Islamic Revolution, charging them with

agitating rioting by residents of eastern Saudi Arabia. The Iranian government criticizes the Saudi government's claims as lacking evidence.

- A Japan-flagged Yokohama Line oil tanker, the Asahiseimaru, is attacked with rocket bombs and automatic rifles while passing through the Strait of Hormuz. The Japanese captain and two Filipino crew members are seriously injured. At this time, the group responsible, the background of the attack, and other information have yet to be determined.
- The "Islamic Republic of Yemen," which had concluded a cease-fire agreement with the government of President Hadi in Yemen, unilaterally announces its withdrawal from the agreement, simultaneously beginning a large-scale offensive against government troops. While President Hadi requests military assistance from the Saudi Arabian government, the latter appears reluctant to provide aerial bombing and other military support.

**Points:** How should a further worsening of relations between Saudi Arabia and Iran be responded to? How should an attack on a Japan-flagged vessel in the Strait of Hormuz or a challenge to Japan's sea lanes be dealt with? How should the disunity in Yemen, among the President's forces, the Houthis, AQAP, and other participants, be addressed?

**3rd phase: Terrorist attack by suicide bomber off the Yemen coast; Chinese vessel captured/arrested off the Indian Ocean coast**

- A US guided-missile destroyer patrolling off the coast of Yemen became the target of a terrorist attack by a suicide bomber, resulting in numerous casualties including 33 dead. The Islamic State in Yemen, engaged in a continuing battle with government forces under the president of Yemen, claims responsibility for the attack. Risks of naval/maritime terrorism increase around the Arabian Peninsula.
- Off the coast in the Indian Ocean, gunfire/shootout breaks out between a US Navy vessel and one that appears to have Chinese nationality. Later, the Chinese vessel is severely damaged and sinks. The US Navy reveals that the suspicious vessel, from which six Iranians and five people who appeared to be Chinese crew members were arrested/detained, appears to have been smuggling a Japanese-built high-precision machining center that would greatly improve Iran's uranium-enrichment capabilities.

**Points:** How should this relatively large-scale terrorist incident be responded to? What should be done about the Islamic State in Yemen, which has claimed responsibility? Precision machinery that could be proof that Iran is developing nuclear weapons was discovered in the Chinese vessel off the Indian Ocean coast. How should this be responded to?

**4th phase: Japanese oil tanker attacked; Iran begins full-fledged nuclear development**

- The Mitsumoto oil tanker Sapphire, transporting natural gas for import from Qatar, suffers a suicide terrorist attack by a boat belonging to an organization calling itself "Islamic State of the Sea" in the Persian Gulf. The Islamic State of the Sea already has claimed responsibility on the Internet for the attack and declares that it will drive the infidels out of Islamic waters from the Persian Gulf to the Indian Ocean, off the Yemen coast, and from the Gulf of Aden to the coast of East Africa.
- Israeli intelligence reports that Iran has resumed uranium enrichment in secret and that its enriched uranium already has reached a level at which it could produce nuclear weapons. The Chinese government, citing "public safety reasons," designates the border regions with

North Korea as off limits in principle and requires all domestic and foreign media and foreigners to leave the region.

- An unnamed high-ranking US intelligence source suggests the possibility that if relations with Iran were to worsen the Iranian navy could begin mining the Strait of Hormuz, home to a US Navy base.

**Points:** The Korean People's Army has split into pro-new regime and pro- Kim Jong-un faction and intense battle is brewing. Under this circumstance, what does the nuclear explosion in the atmosphere that occurred in the eastern region signify/mean? How to treat the spreading battle between the forces of the Korean People's Army? How should the military intervention options of China, Republic of Korea, and US be drawn up?

## (2) Each government's action plan

Participants in this simulation were asked to prepare action plans for a situation in which there are suspicions that Iran has violated the nuclear agreement and the activities of IS of the Sea are spreading following the fourth phase. The action plan of each country is summarized below.

### [The Iranian government]

**Strategic objectives:** Preventing/limiting damage from a preemptive strike by Israel; expanding regional and international support for Iran and neutralizing the US military presence; overcoming suspicions of nuclear development and maneuvering against Israel

### Implementation plan:

- To prevent aerial strikes on nuclear facilities by Israel, preparing to mine the Strait of Hormuz and calling for a negative campaign against Israel in international public opinion together with preventing Israeli military aircraft from flying over Iraqi and Turkish airspace. Also encouraging intensification of missile attacks on Israel by Hezbollah. Advancing plans for joint military exercises with Russia.
- Enhancing facility security (i.e., placement of ground forces and anti-aircraft missiles) in preparation for an attack by Israel, and also implementing countermeasures against domestic disturbances by the Revolutionary Guards and lower-ranked forces.
- Implementing naval drills for countering IS led by Persian Gulf states, together with the navies of China and Russia from inside the Persian Gulf to the Arabian Sea. Also welcoming the US and other countries to take part, to neutralize the US military presence.
- While implementing the above measures, advancing nuclear development in secret as a last resort.
- Describing nuclear development as being for peaceful use externally, and announcing that the suspicions themselves are Israeli fabrications.
- Covertly continuing to support anti-government forces in Yemen, to retain a card to play against Saudi Arabia. Calling for stable supplies of oil and natural gas to Japan.

**[The Saudi Arabian government]**

**Strategic objectives:** Ensuring stability in the Persian Gulf (for stable oil exports); maintaining the royal government by the House of Saud; preparing for an attack by Iran

**Implementation plan:**

- Developing a structure for countering IS on the seas with the US military, multinational forces, and Iran (also permitting Chinese and Russian participation).
- Demanding that Iran disclose information on its nuclear development.
- Through the US, encouraging restraint with regard to a preemptive strike by Israel against Iran.
- Preparing a structure to address domestic terrorism and attacks on the mainland by Iran.

**[The US government]**

**Strategic objectives:** Stabilizing the Gulf region and developing a framework for international cooperation  
(In case the above objectives are difficult to achieve) Sanctions against Iran based on cooperation with allies

**Implementation plan:**

- Resuming the P5+1 process with regard to the Iranian nuclear agreement and conducting unconditional special inspections by the IAEA. At the same time, demanding further provision of evidence by Israel, which has declared its further doubts about Iran. By doing so, restrain Israel, which has shown a willingness to conduct air strikes against a new nuclear facility (or in the case of suspicions thereof) in Iran, from acting.
- If the special inspections find evidence to support the claims of nuclear development, plans call for restoring economic sanctions and referring the matter to the UN Security Council. If in such a case no Security Council resolution is achieved, permitting/allowing air strikes by Israel.
- In response to IS of the Sea, aiming to establish a multilateral cooperative structure while respecting Saudi-Iranian cooperation, and asking for the maximum possible contributions from Japan.
- While the US has the capability to remove the mines from international waters in the Strait of Hormuz on its own, requesting the maximum possible cooperation from Japan as well.
- Not getting involved in the domestic security situation in Saudi Arabia, and supporting activities to eradicate IS in Yemen.
- Building domestic public opinion. Arguing for the necessity of overseas intervention.

**[The Chinese government]**

**Strategic objectives:** Stabilization of the Middle East and securing stable supplies of energy resources (particularly oil)

**Implementation plan:**

- Opposing Iranian nuclear capabilities, together with the international community. That said, pursue to develop a framework under which China can participate in limited technical cooperation, which is a key to nuclear capability, in order to strengthen Iran's deterrent capability.

- For these reasons, swiftly implementing the bilateral agreement on comprehensive cooperation between China and Iran, already agreed to. This agreement concerns the following four topics: (i) political dialogue, (ii) economic cooperation, (iii) energy cooperation, and (iv) social and cultural exchange.
- Since IS of the Sea could be an obstacle to oil shipping, participating actively in an international framework to address it. Striving to secure access to key ports through doing so.
- Simultaneously to the above, strengthening actions to protect China's national interests in the South China Sea and the East China Sea.
- Objecting strongly to the US Navy's sinking of the China-flagged vessel and detention of its crew, and strengthening military pressure through means including dispatch of a fleet to the nearby waters. Also approaching Russia and Iran to build international opinion against the US. In addition, launching cyber attacks against US government agencies, important facilities, companies, etc. as retaliatory and warning measures.

#### [The Russian government]

**Strategic objectives: Preventing bipolarization between the US and China (building a tripolar structure among the US, China, and Iran-Russia)**

→ **Maintaining influence on Iran and weakening US influence in the Middle East by maintaining instability in the region**

#### **Implementation plan:**

- Basically supporting Iran's position on its desire to possess nuclear capability. While publicly calling for pursuing the continued implementation of the comprehensive nuclear agreement, criticizing and calling for restraint regarding the possibility of air strikes by Israel.
- Aiming to develop a new framework under Russian leadership if it were revealed that Iran were carrying out nuclear development.
- While calling on both the US and Iran to avoid closing of the Strait of Hormuz by Iran, but staying on the sidelines in case of possible mining.
- While criticizing inhumane activities by IS of the Sea, taking only a passive approach, and continuing to stress Russia's strategy of wiping out IS on land.
- Carrying out the following three types of military cooperation with Iran: (i) supplying weaponry to strengthen A2/AD capabilities, (ii) military services support, (iii) continued dispatching of military advisors.
- Secretly supplying weapons and training by special forces to Yemen government forces.

#### [The Japanese government]

**Strategic objectives: Protecting Japanese nationals (crew members attacked by IS of the Sea); securing the safety of sea lanes**

#### **Implementation plan:**

- Obtaining information on the safety of the missing crew and requesting search and rescue activities by each country (navy) for the missing tanker and its crew.
- Recognizing the situation as one having a "significant impact on Japanese security" and formulating an implementation plan for backup logistic support for multinational naval

forces accordingly (search and rescue, vessel inspection; scope of activities recognized to include the open seas outside the Persian Gulf).

- Formation of multinational forces to counter naval terrorism (development of an international response framework).
- To be ready for a possible closing of the Strait of Hormuz, proceeding in cooperation with the US and other countries with information collection and preparation for responding to any incident recognized as an existential threat. Envisioning the dispatch of Maritime Self-Defense Force minesweeping forces in the event an incident has been recognized, dispatching forces to waters near the Persian Gulf ostensibly for naval anti-terror training.
- Continuing diplomatic efforts with regard to Iranian nuclear development (suggesting the possibility of measures such as economic sanctions and asset freezes in the event of a violation). Also, supporting special inspections by the IAEA, and cooperating with a UN Security Council resolution in the event of a violation.
- Implementing humanitarian support to build peace in the region following a resolution of the situation.
- In addition to the above, advancing development of oil fields outside the Middle East in order to secure stable supplies of oil and policies to shift to other energy sources. Also developing a cooperative structure with nearby countries to address China.

#### 4. Lessons learned from this policy simulation and policy implications

##### (1) Possibility of nuclear proliferation in the Middle East and the Gulf region

- This simulation showed clearly that notwithstanding the P5+1 concerns regarding nuclear development in 2015, the possibility of Iran ultimately might not abandoning development of nuclear weapons cannot be ruled out
- As noted below, even though the basic position of the Iran team in this simulation was defensive and nonaggressive/passive, it did not relinquish development of nuclear weapons as a last resort. Furthermore, there was a possibility that the Russia team, which deepened support for Iran, might tacitly approve of Iranian nuclear weapons development ultimately.
- If Iran fails to renounce nuclear weapons development, then there is a high likelihood that either Saudi Arabia or Egypt would move forward with development of its own nuclear weapons. There is a need to think seriously about how to prevent future proliferation of nuclear weapons in the Middle East, particularly in the Gulf.

##### (2) Limits of the US role in Middle Eastern stability

- In this simulation, the US team had the following strategic objectives: (i) stabilizing the Gulf region and developing a framework for international cooperation, and (ii) (if these prove difficult to achieve) sanctions against Iran based on cooperation with allies. However, there were limits to the US influence on allies such as Saudi Arabia.
- While the US could respond to an external threat to Saudi Arabia, it would be difficult for it to intervene in a domestic political disturbance within Saudi Arabia. The results of this simulation suggest that if the new US administration were to continue an inward domestic focus, then the Middle East could grow even more unstable.
- Another highly interesting point was the possibility that the US team in this simulation might tacitly approve of an air strike by Israel on Iranian nuclear facilities. It also must be

noted that there is a possibility that the nature of US-Israeli relations could change over the medium to long term.

**(3) The Russian presence in the Middle East**

- The strategic objectives of the Russian team were to prevent bipolarization between the US and China and to build a tripolar structure among the US, China, and Iran-Russia. In the future as well, Russia is likely to continue striving to maintain and expand its influence on Iran and work to weaken US influence in the Middle East and the Gulf.
- In particular, in this simulation Russia seemed to have a kind of invisible presence. At the same time, caution is necessary with regard to the flipside of this approach, which is an irresponsible attitude on the part of Russia of not caring whether or not Iran has nuclear weapons since it would not affect Russia.

**(4) Limits of China's role in the Middle East**

- The strategic objectives of the China team in this simulation were to stabilize the Middle East and secure stable supplies of energy resources (particularly oil). Such a strategy can be considered reasonable overall in light of the degree of China's involvement in the Middle East up to now.
- At the same time, if tensions with the US were to increase as China's economy continues to grow, there is a possibility that China could become more deeply involved in political issues in the Middle East, either in cooperation with Russia or on its own. Japan too needs to pay attention to this point.

**(5) Iran**

- As noted above, the strategic objectives of the Iran team in this simulation generally were defensive in nature, limited largely to (i) preventing and limiting damage from a preemptive strike by Israel and (ii) expanding support for Iran and neutralizing the US military presence.
- At the same time, while definitely not taking active steps itself the Iran team continued a strong "wait-and-see" attitude of continuing secret nuclear development while seeking out the possibilities of expanded cooperation with other powers such as Russia and China in the event that conflict with the US were to continue.

**(6) Saudi Arabia**

- The strategic objectives of the Saudi Arabia team in this simulation were (i) ensuring stable oil exports through stability in the Persian Gulf region, (ii) maintaining the Saudi royal government, and (iii) preparing for an attack by Iran. At the same time, the team also appeared to consider acquiring nuclear capability as one option if necessary.
- If its relations with the US were to become more difficult and US influence was to decrease in reality, then Saudi Arabia might determine that its reliance on the US alone is too risky. On the other hand, caution is required with regard to the boldness of its approaches to Russia, which might be considered simply a means to secure US support rather than sincere proposals.

**(7) Limits of Japan's roles in the Middle East**

- The strategic objectives of the Japan team remained (i) protecting Japanese nationals and (ii) securing the safety of sea lanes. The bulk of the time of the simulation was spent on these domestic issues, and no clear conclusion was reached in the discussion of national security.



- Despite the new peace and security legislation, little progress has been made in the discussion of use of Self-Defense Forces, and initial implementation has been delayed considerably. It would be difficult for Japan to act in a case such as this in which the US is cautious about a crisis in the Middle East. As a result, once again Japan was left outside of the loop in many cases.
- The Japanese team did not prioritize the issue of nuclear nonproliferation highly. But what are the causes of Japan's weakness in international diplomacy, the limits of its approach of symptomatic treatment, and its lack of presence? Once again the narrowness of the awareness of the issues in Japan was exposed.

**(8) LINE's strengths and weaknesses**

- While the use of new technology increased the efficiency of information as a whole through digitalization of communication, at the same time it proved difficult to reproduce traditional analog communication such as questions and answers in a press conference, and it was pointed out that in fact this may result in an unrealistic feel to the simulation.
- In the future, along with reviewing the structure under which each individual is assigned a tablet, there is a need to consider reestablishing a more realistic media environment by restoring the traditional press conference in order to increase the influence of the media team.

**(9) Policy implications for Japan**

- There is a need to clarify policy priorities (over the short, medium, and long term) in the event of destabilization of the situation in the Middle East and the Gulf. Of course, it is natural that important policy objectives over the short term would be (i) protection of Japanese nationals, (ii) a stable supply of energy, and (iii) securing the safety of Japanese firms operating in the region.
- However, probably it would be important over the long term to clarify Japan's interests (preferred scenarios and scenarios to be avoided) in the event of turbulence in the Gulf.
- Japan would benefit from the Gulf region avoiding military conflict, with the Strait of Hormuz remaining open and the flow of energy uninterrupted. For this reason, there may be a need to build adequate relations with not only the US but also other countries including those of the Middle East and the Gulf, Egypt, Turkey, and Israel.
- China's political and military role is growing rapidly in the Middle East and the Gulf as well. The Japanese government should prepare in advance for various possibilities with regard to the roles that the Chinese government could play in the event of destabilization of the Middle Eastern situation.

## Attachment: The situations surrounding Iran

### ● The situations in Iraq and Syria

Despite shrinking of the areas under its control, the state of IS control over parts of Iraq and Syria has remained unchanged since the 2010s. In Syria, the Assad regime remains in control with the support of Russia, Iran, and other countries. In Iraq, the leading groups of the Shiites supported by Iran, the Sunnis supported by the Gulf states including Saudi Arabia, and the Kurds continue to struggle for supremacy. As parliament remains divided, no general election has been held over the past six years. As a result, the situation in Iraq remains one of confusion and division, with neither democracy nor dictatorship holding sway.

At the same time, Iraq has received full support from Iran, another Shia state, in the battle against IS. The Badr Organization and Kitaeb Hezbollah, Shiite militias on the front lines of the battle against IS, receive military training from Iran and are armed with weapons supplied by Iran. Reflecting the close ties formed in the battle against IS, Iran-Iraq ties have strengthened in recent years, for example through frequent mutual visits between both countries' leaders in Tehran and Baghdad and calls for economic cooperation.

### ● The situation in Iran

Thanks to its release from sanctions under the 2015 comprehensive nuclear agreement, Iran has gradually returned to the international community. In recent years, it has rapidly modernized its military using state-of-the-art weaponry purchased from China and Russia and the military cooperation of those countries. As a result, over the past few years its military's A2/AD capabilities also have improved rapidly. In particular, recently it has strengthened its surface-to-ship missile capabilities and anti-airc missile defense systems, posing an increased threat to the US Fifth Fleet based in Bahrain. As it enhances its military capability, the Iranian navy is expanding its sphere of activities from the Gulf region to include the Indian Ocean as well as the eastern Mediterranean, through the Red Sea. It also is carrying out actions targeting IS from the sea near the Arabian Peninsula and off the coast of Palestine. As the Iranian navy has become more active, it has been involved in increasing numbers of skirmishes with the US Navy, and the Commander of the Fifth Fleet has expressed concern.

In addition, in 202X, the international community's suspicions about Iranian nuclear weapons development were rekindled when an international NGO exposed new secret nuclear development activities by Iran. At the same time, Iran returned to the international community following the lifting of sanctions on January 16, 2016, attracting attention as a major market, and it has transformed its status from that of a pariah in the Middle East to that of a leading regional power. Since Boeing's deal to export a large volume of aircraft to Iran Air and French major oil company Total's securing of a contract on development of the massive Azadegan oil field in southwestern Iran (2016), there have been high expectations for the potential of Iran as a market from Europe and North America as well as China, Russia, Japan, and other countries, to the extent that governments and companies from around the world have been ridiculed as going on "pilgrimages to Tehran." As a result of brisk business conditions in Iran, the nation's economy has grown at a rapid pace of nearly 10% per year. Some have expressed unease as described above because Iran has enhanced its military readiness and modernized its military rapidly thanks to these favorable economic conditions.