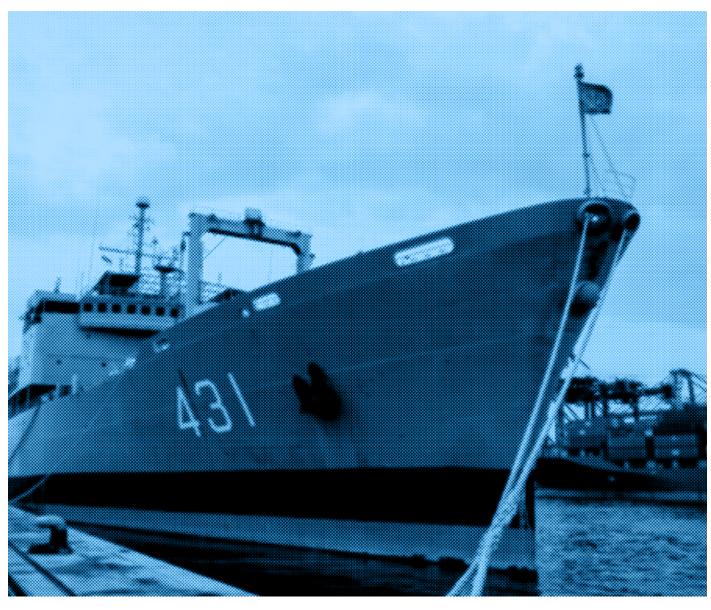
IRAAKI ALIAOOBRIEF



BEYOND THE HEADLINES







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SUMMARY

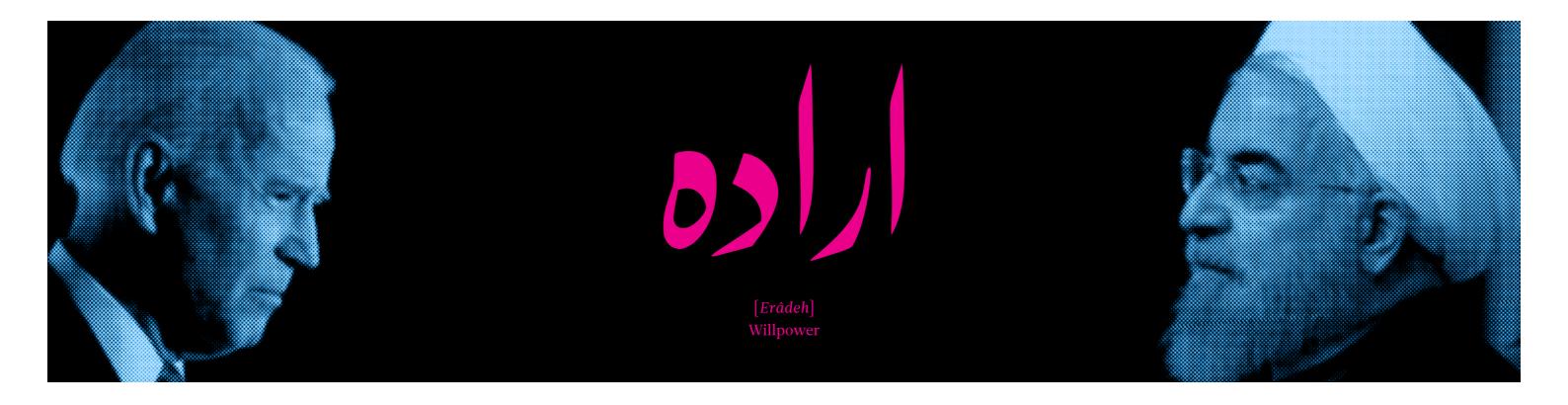
The first of three planned TV debates between presidential candidates has taken place, this time focusing on the economy, the latter being the most important challenge for the Islamic Republic and the Iranian people. During the debate, five hardline candidates attacked two so-called moderates. It is widely suggested that the presence of the latter shall serve to enable a seemingly heated debate in order to help reverse voter apathy and increase the expected low voter turnout, especially for the purpose of international legitimacy. However, according to polls, 70% of eligible Iranians did not watch the debate, doubling the rate from the last presidential election TV debates. In the

international area, the fate of the ongoing Vienna talks about the JCPOA's revival is interwoven with what Supreme Leader Khamenei may decide on Tehran's willingness to concede, especially whether this may occur before or after the end of the Rouhani administration in August. Moreover, on 2 June, two destructive fires occurred, one damaging a large oil refinery in Tehran and the other leading to the Iranian regular navy's largest vessel to sink near the Strait of Hormuz. While in both cases, the fires may have been an accident, there is speculation whether Israel has been involved, as was the case with a series of incidents over the recent past.



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INTERNATIONAL RELATIONS



Amid ongoing Vienna talks, Iran's chief negotiator Abbas Araghchi has <u>said</u> that both sides made progress and current disagreements are surmountable. Meanwhile, he <u>implied</u> that the decision of Iranian negotiators depends on the top leadership in Tehran. In this vein, his Russia counterpart Mikhail <u>Ulyanov</u> said that the fifth round of talks in Vienna has ended amid a need for political decisions in the capitals. Thus, while most of the talks are over for now, negotiators from all sides have returned to their countries so that they can prepare for the sixth round of talks in a week's time.

When Joe Biden won the U.S. elections, it became more or less clear that Washington would want to rejoin the nuclear deal, not least to revive the legacy of the Obama-Biden era. However, a key question remains whether this would happen before or after Iran's presidential election. Currently, it is quite clear that Tehran has not decided on whether to revive the deal under the Rouhani administration or not. "Willpower"

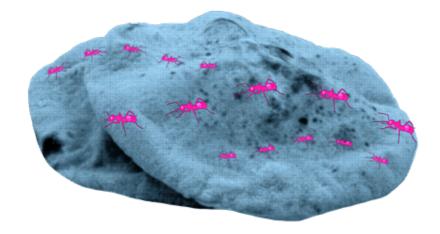


[Erâdeh] has thus become a keyword for Iranian officials that they apply to Tehran more than to Washington.

Meanwhile, negotiations with the U.S. has been a focal point for Iran's presidential candidates. Most of them criticized the Rouhani administration, emphasizing that they can reach a better agreement with the U.S. In response, President Rouhani has said "these days, all candidates are talking about negotiation, and only some of them say that if we come, we will negotiate better. Well, what better. you are more than welcome. It was important to understand that the right way is to negotiate and interact with the world, and thanks to God that you understood this in these eight years." Although Rouhani and other moderates have frequently said they will be happy if the next administration can reap the benefits from a JCPOA revival, the reformist and moderate camps are also engaged in a factional rivalry with the hardliners whom they accuse of political opportunism.

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DOMESTIC POLITICS



With the presidential election in Iran moving closer, candidates are striving to persuade the Iranian people to cast a vote for them. On 5 June, the first round of televised debate took place, where candidates were answering the questions put forward by the Islamic Republic's stateowned TV. The candidates' remarks were largely lacking substance. For instance, top contender Ebrahim Raisi said that investors must be convinced to spend their money in productive companies, and not gold or the housing market. On his part, Mohsen Rezaei criticized the Rouhani administration, asking why some people had to buy bread in instalments. In response to Rezaei, Abdolnasser Hemati, former governor of the Central Bank of Iran in the Rouhani administration, said that they significantly did harm Iran's economy by refusing to enact the bills in connecting to enforcing Financial Action Task Force (FATF) requirements in the Expediency Discernment Council. Regarding the dire socio-economic situation, reformist candidate Mohsen Mehralizadeh said: "Statistics show that today about fifty percent of the people live below the poverty line. Today, 7 million households do not have a fixed income and need livelihood assistance." Amir-Hossein Ghazizadeh-Hashemi remarked that "we are looking to expand and strengthen production, direct liquidity to production and control prices in the market." Alireza Zakani said: "Banks make money without the supervision of the central bank. We now have bank super-debtors, 11 super-debtors owe 90,000 billion tomans. It was the duty of Mr. Hemmati and the Minister of Economy to pursue the debts of the bank super-debtors, which did not happen." Saeid Jalili claimed that "One of my government's plans is for people to get at least 2,500 calories a day, and we have a plan to distribute food needs well, which unfortunately has not been appropriate in recent years."

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The first televised debate demonstrated that the none of candidates have a practical roadmap to rescue Iran's economy and/or alleviate people's much deteriorated socio-economic conditions. The remarks of all candidates were largely an attempt to attack their rivals or the current Rouhani administration. They all questioned the Rouhani administration's performance and said he has severely damaged the economy of the country. While U.S. sanctions and the COVID-19 pandemic have played a significant role in harming Iran's economy, the candidates didn't not comment on these issues.

Meanwhile, ISNA – a news agency close to the moderate élite camp – <u>criticized the organization as well as the questions raised</u> by Iran's state-owned television. It said that sanctions and the coronavirus with their respective economic consequences as well as issues surrounding the stock market where millions of Iranians have invested in, were not included in questions.

However, it is not overtly surprising that Iran's presidential debates did not provide for real solutions or programs from the candidates. For their prime function has usually been to help increase voter turnout. Notwithstanding, there is some ground to question whether this time around, this will work out like in the past. According to a new poll from

"None of candidates have a practical roadmap to rescue Iran's economy and/ or alleviate people's much deteriorated socio-economic conditions."

ISPA, the best-known polling institute in Iran, **70% of above 18-year-olds have refused** to watch the first debate of the candidates. Meanwhile, in the last presidential election in **2017 more than 60%** of the Iranian people watched the first televised debate between candidates.

However, candidates engaged in the same effort in order to galvanize people. This first round of the debate included personal and factional attacks that can serve to affect the Iranian people, who mostly are reluctant to cast a vote in the upcoming election. Nevertheless, it seems this time they were unsuccessful to stimulate the Iranian people to take the upcoming election seriously.

In this context, the role of Hemmati and Mehralizadeh is crucial: Had they been absent from the debate, the other candidates would have little to discuss given their very similar worldview.

In Iran, many believe that Jalili, Zakani, Rezaei and Ghazizadeh are a cover for Raisi, meaning that in the final days before the election they are likely will resign in the latter's favour. KhabarOnline, a "moderate" news agency, has written that "Contrary to popular belief, the four candidates who are going to step down in favor of one [Raisi] are not a cover, but the two candidates who are not going to step down are a cover because if they were not there, the debate would not be heated! Basically, the reason for the approval of those two candidates [Hemmati and Mehralizade] was to heat the election space as a form of a cover." Hemmati mentioned that the state broadcaster IRIB was promoting Raisi as a "superman" who would solve the country's economic problems. Raisi in turn defended his performance as chief justice and accused government

officials of dishonesty. On the other hand, Mehralizadeh criticized Raisi's educational background, saying that he had only graduated from elementary school (six years in Iran). While Mehralizadeh and Hemmati made efforts to gain credibility by attacking Raisi, the other candidates refused to say anything about Raisi, probably in an effort to obtain a ministry in a future Raisi administration. Although many believe that what is known as a debate can be more adequately called a show, Hesamodin Ashena, former adviser of President Rouhani, boasted about the alleged worth of the debate, tweeting "In which country of the region can such a serious and meaningful #debate be held?

The other target for the candidates, mostly of the five hardliners, has been the Rouhani administration. They attacked all economic policies of Rouhani and called him as responsible for the economic disaster in Iran. In response, President Hassan Rouhani's chief of staff complained about "disparaging remarks." Mahmoud Vaezi said that some candidates tried to portray problems related to more than three years of "economic war" and the Covid-19 pandemic as the government's inability to manage the country. Rouhani's spokesman, Ali Rabiei, also wrote to the state broadcaster IRIB, asking for airtime according to the law so that the administration would be able to respond to "lies and unfounded accusations" directed against it.

In a nutshell, despite the candidates' promises to improve the dire state of the economy and people's wellbeing, proposals toward structural reform that would allow for that were sorely missing. In fact, the candidates from the hardline camp, which has an unrivalled access to the country's economic wealth, could have proposed to use their privileged position to those ends. 06 IRAN 1400 BRIEF 31/05 – 06/06

SOCIO-ECONOMY



On 3 June, security forces have used force to disperse a workers' assembly at the Haft Tappeh Sugarcane Agro-Industry Co. plant in southwestern Iran. According to the workers, warning shots were fired. Since 1 June, about 300 workers of the plant have entered into strike, protesting against the non-payment of their salaries since the start of the Iranian year in late March. Early May, a court ruling reversed the privatization of Haft Tappeh. Thereby, a core demand of Haft Tappeh's labour union, which for years now has been engaged in protesting mismanagement and corruption of the plant's owners, has been met. As a result of this decision, the expropriated owner has withdrawn the payment of salaries and engaged in efforts to halt production, according to workers. The owner and his allies in government and the security services have tried to provoke the workers and to call in the police force. Haft Tappeh's former owner is facing corruption charges.

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Over the years, Haft Tappeh has become a symbol of solidarity and resistance. There have been many instances of workers entering into strike for week and organizing protest rallies in order to draw attention to their working conditions. In many cases, the authorities have responded by the use

of force. Key trade unionists have been jailed and sentenced for alleged criminal offences, among them Esmail Bakhshi and Sepideh Qolian. The Haft Tappeh workers are demanding the re-instatement of laid-off workers, the nationalization of the plant complex and an administration supervised by workers. They also warn against bankruptcy and the ensuing loss of more than 5,000 jobs in the region.

The Haft Tappeh Sugarcane Agro-Industrial Complex has been privatized in 2015 with a new leadership. Ever since, the conditions for workers has deteriorated. Their trade union has organized strikes to demand better working conditions, including a rise in salaries, the payment of nonpaid salaries and the guarantee of their pensions.

Haft Tappeh is located in the strategically crucial oil-rich Khuzestan province that despite its nominal wealth is suffering from a disproportionally higher socio-economic, political and ecological grievances. Khuzestan has been a prime site of social protests over the last few years. Also, there has been cross-sectional activism, such as between the labour and students' movements (as personified in Qolian's activism) and between various economic sectors, such the 1 Dec. 2018 protest by both Haft Tappeh and Ahvaz Steel workers as their demands had not been met, including the release of jailed colleagues and the payment of their delayed salaries. Despite the socio-economic roots of such labour activism, as is the case with many other social protests all over the country, they can quickly turn into political anti-regime protests. It is against this background that there is heightened repression by the authorities against these kinds of activism.

SECURITY

On 2 June, two blasts occurred within 24 hours. First, "Kharg" one of the largest vessels in the Iranian navy, from the regular army (*Artesh*), caught fire and sank in the Gulf of Oman near the Strait of Hormuz, with all crew member evacuated. Kharg was the Artesh's largest vessel, a huge training and logistical ship, and is such a great loss for its navy. Given that the ship was from pre-revolutionary times, it could well be that the fire happened without outside interference, e.g. by Israel.

Just hours later, the 250,000 barrels per day Shahid Tondgooyan oil refinery in south Tehran has caught fire, after which 18 tanks were set ablaze, creating huge flames that could be seen even in the city's far-away north. According to the refinery's spokesman, the diesel tanks had caught fire, while the head of Tehran's Provincial Crisis Management Office said that "a leak at a liquid gas pipeline at the facility sparked the fire." The exact circumstances are unknown, though, while speculations abound.





There have been many such incidents against targets that can be referred to as strategic in different parts of the country over the last months, which have led to speculations about their precise causes and their perpetrators. In many cases, Israel is believed to have been the perpetrator. Over the last few years, Israel has been behind a series of actions against Iranian interests inside and outside of Iran's borders, e.g. acts of sabotage against Iran's nuclear infrastructure and "targeted killings" against lead nuclear scientists, hundreds of air raids against (pro-)Iranian positions in Syria, cyberattacks on a variety of targets, and mor recently dozens of attacks against Iranian shipping (among them Iranian oil deliveries via the Mediterranean for the Syrian Assad regime). These Israeli actions were meant to deter the expansion of Iranian power in the Middle East, roll back its nuclear programme, showing its military superiority and as such exposing Iranian security vulnerability, and sending a message to the Western parties to the ongoing Vienna talks over the revival of the JCPOA not to be too conceding on Tehran. However, Iranian authorities' reluctance to either publicly blame Israel for such incidents and, in case of doing so, to refrain from a proportionate reaction in an indication of Tehran's fear that any military escalation with Israel would automatically lead to U.S. and EU unconditional solidarity and support for Israel - a scenario that is far too costly for Tehran. Also, in the current period with the ongoing Vienna talks, Tehran doesn't want to undermine any Western willingness for vital sanctions relief by engaging in a confrontation with Israel.

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AUTHOR

Dr. Ali Fathollah-Nejad (Ph.D. SOAS) is a German-Iranian political scientist with a focus on Iran, the Middle East, the post-unipolar world order, and right-wing populism in Europe. He is the author of the muchacclaimed <u>Iran in an Emerging New</u> World Order: From Ahmadinejad to Rouhani (Palgrave Macmillan's Studies in Iranian Politics, May 2021) and of the Iran 1400 Brief: Beyond the Headlines weekly newsletter (Friedrich Naumann Foundation for Freedom's Middle East and North Africa program). Based in Berlin, he is a Non-Resident Senior Research Fellow at the Afro-Middle East Centre (AMEC), South Africa's think-tank specialized on the Middle East, as well as affiliated researcher with Centre d'Études de la Coopération Internationale et du Développement (CECID) at Université libre de Bruxelles (ULB) as well as Freie Universität (FU) Berlin's Center for Middle Eastern and North African Politics. In 2020, he published two monographs: The

Islamic Republic of Iran Four Decades
On: The 2017/18 Protests Amid a Triple
Crisis (Brookings Analysis Paper) and
The Politics of Culture in Times of
Rapprochement: European Cultural
and Academic Exchange with Iran
(2015–16) (Wissenschaftsverlag
WeltTrends).

Ali holds a Ph.D. in International Relations from the Department of Development Studies at SOAS (School of Oriental and African Studies) University of London and was a postdoctoral Associate with the Harvard Kennedy School's Iran Project. Also, he had been the in-house Iran expert at the Brookings Institution's Middle East center in Doha (BDC, 2017–20) and the German Council on Foreign Relations (DGAP, 2015–18).

He has taught globalization and development in the Middle East, contemporary Iran, the Arab Revolts and great-power politics at the University of Tübingen (as Senior Lecturer in Middle East and Comparative Politics), in the Ph.D. program of Qatar University's Gulf Studies Center, at FU Berlin's Center for Middle Eastern and North African Politics, the University of Westminster, SOAS etc. Due to COVID-19, his Visiting Professorship at the Centre for International Studies of the University of Economics in Prague is postponed.

His about 200 analytical pieces in English, German, and French have been translated into a dozen languages. A frequent speaker at academic conferences and political forums, he regularly contributes to leading international media outlets in English, German, and French. Ali is fluent in German, French, English, and Persian, and reads Dutch.

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