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SUMMARY

This week registrations for the upcoming presidential election on June 18 took place. Widely held expectations of low voter turnout and the decline of the reformists or so-called moderates have brought about a new atmosphere in the domestic politics of Iran. With the decision of Ebrahim Raisi, Chief Justice of Iran, to run for the presidency and his good chances to win the election, there are fears the country may revert back to the dark decade of 1980s with more socio-cultural and political restrictions. In the last round of presidential elections in 2017, Raisi had received 15.7 million votes, losing to the moderate incumbent President Hassan Rouhani. This time around, most former advocates of Rouhani will refuse to cast a vote. which will significantly increase chances for Raisi, who is likely to become the definite choice of hardliners. Internationally, negotiations in Vienna are continuing, with Iran trying to use the Biden's inclination to revive the JCPOA to obtain maximum concessions in terms of sanctions relief. Economically, Iranian hopes pinned upon the Vienna talks has had a positive impact on the country's currency market. Beyond these domestic and international political debates, the coronavirus pandemic and questionable vaccination programmes are very much dominating daily concerns of average Iranians.



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POLITICAL

Last week, registrations for Iranian presidential candidates took place as they submitted their application to the Interior Ministry. In a second step, on 27 May the Guardian Council will have to determine who can enter the competition. The bestknown candidates who registered are Ebrahim Raisi (Chief Justice), Ali Larijani (former Speaker of Parliament and former chief nuclear negotiator), Eshagh Jahangiri (Rouhani's Vice-President), Saeid Jalili (head of the Atomic Energy Organization of Iran and former chief nuclear negotiator during the Ahmadinejad administration), Mahmoud Ahmadinejad (former president), Saeed Mohammad (general in the IRGC and former head of the latter's economic empire, the Khatam-al Anbiya Construction Headquarters), Hossein Dehghan (IRGC general and former Defence Minister), Rostam Ghasemi (IRGC general and former Minister of Petroleum), Ali Motahari (former Second Deputy of the Parliament), Abbas Akhondi (former Minister of Roads and Urban Development in the Rouhani administration), Masoud Pezeshkian (reformist politician and MP) and Mostafa Tajzadeh (prominent reformist activist and Deputy Interior Minister in the Khatami administration).

HEADLINES

Over the last quarter century, Iran's reformists and hardliners have shaped the establishment's domestic political rivalry, where the former tried to portray themselves as a progressive faction that aims to reform the Islamic Republic in favour of society, especially the middle class and the youth. However, the Rouhani administration's

performance has spelled the end of this "game" as many Iranians have come to understand that the reformists' promise is mainly an instrument for a group of politicians to entice people to cast a vote for them in order to keep the reformist faction in Tehran's halls of power. Under Rouhani's watch, two nationwide protests in 2018 and 2019 occurred, which were very much a sign of change within many Iranians' political attitude. While polls predict a low voter turnout and reformists have little chance to win the election,

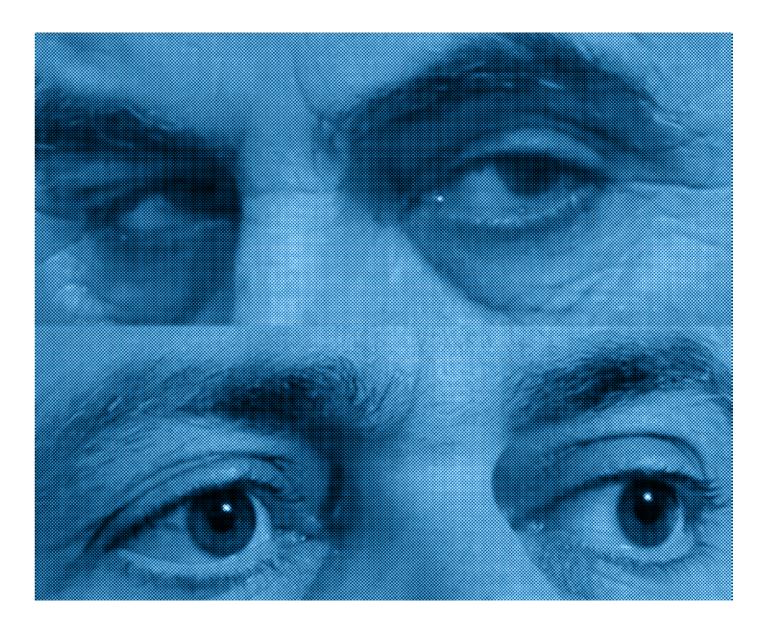
role of the Supreme Leader and that of the IRGC. In conclusion, the upcoming election is likely to see the competition of candidates who only have minimal difference of standpoints in the context of a minimum voter turnout. Against this backdrop, it appears that it was people's ongoing indifference toward the election that pushed Javad Zarif, Iran's Foreign Minister, to not register as a candidate, thereby rejecting the reformists' request to become their nominee. Although overtly optimistic, moderates believed Zarif to be able hardliners are likely to emerge as to become a game changer in these

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victors, thus monopolizing power in the Islamic Republic among themselves. The Guardian Council will pave the way for their victory them by favoring ultraconservative and hardline candidates. Mahmoud Ahmadinejad, who had enjoyed the support of all the Islamic Republic's key centres of power during his 2005-2013 presidency, has in the meanwhile lost his credibility among these former allies. Last week, during the registration process, he warned that "if the Guardian Council disqualifies me, I won't participate in the election and refuse to support other candidates." Indeed, in the last presidential election in 2017, Ahmadinejad was barred by the Guardian Council to run for the presidency. Moreover, Mostafa Tajzadeh, who spent seven years in prison after the Green Movement protests against the results of the presidential election in 2009, is another critic of the Guardian Council selection process. He also has very little chance to get permission to compete in the election as he made impractical campaign promises, such as limiting the

elections.

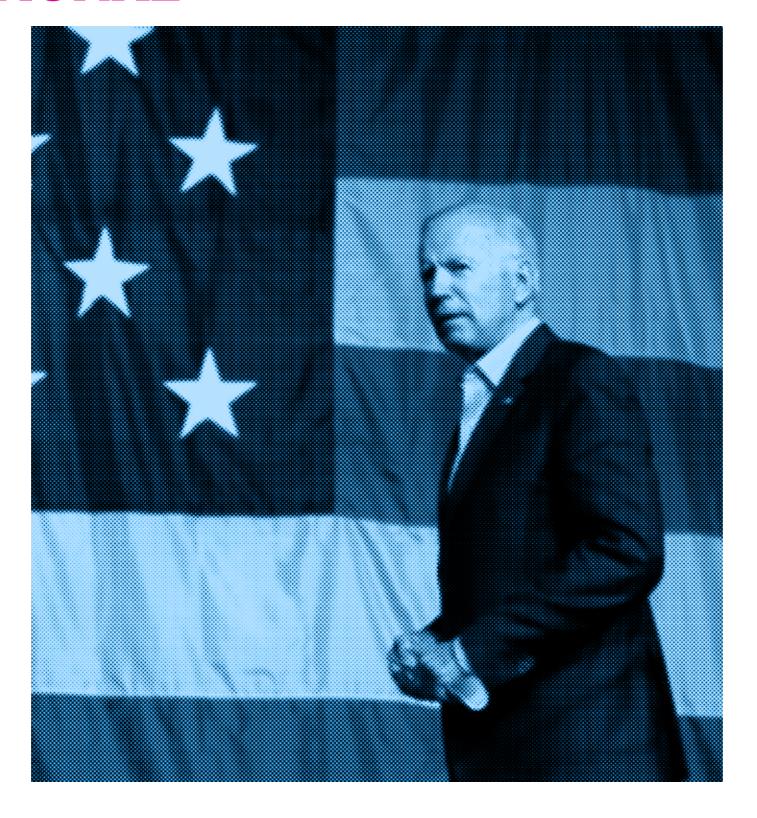
However, it seems Zarif had reached a different conclusion: "I have reached this conscientious conviction that me running would not be in the best interest of the country and the nation given the perturbations that have been displayed in the past eight years, in particular since New Year's Day, at the cost of ruining national unity and self-confidence and the hope and trust of the people." In addition, what may result from the upcoming election will be more similar to the presidential elections in 1981, 1985, 1989 and 1993 when the duality between hardliners and moderates had not existed. However, in those elections in the past, people were remarkably eager to cast a vote, but this time their attitude has changed toward the question of efficiency of elections in improving their life, regardless of who will be the next president. As a result, the domestic politics of Iran will continue to experience a gulf between society and the state or regime.



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INTERNATIONAL

The revival of the Joint Comprehensive Plan of Action (JCPOA), also known as the Iran nuclear deal, is still the most important international issue that relates to Iran. While the Trump administration withdrew from the deal in 2018 and imposed crippling sanctions against Tehran, Joe Biden has demonstrated a considerable inclination to rejoin the agreement. To this end, "The discussions that resumed on May 7 in Vienna have led to some initial progress on the nuclear issue," France's Foreign Ministry Spokeswoman Agnes von der Muhll told reporters. "Nevertheless, major disagreements remain on some key points that must be ironed out in order to reach an agreement providing for the return of Iran and the United States and their full implementation of the JCPOA. There is still a lot to do, within very tight deadlines," she added. In another news, Abbas Araghchi, Iran's chief negotiator in Vienna, said that Iran hoped there would be no need for extending the agreement with the International Atomic Energy Agency (IAEA), but added Tehran would consider it at a proper time if need be. He refers to the temporary agreement between Iran and the IAEA for recording Iran's nuclear activities for three months, after Tehran decided to halt the implementation of the NPT's Additional Protocol and some other nuclear commitments. Meanwhile. U.S. Secretary of State Antony Blinken dismissed calls by Republicans on the Biden administration to walk out of the talks in Vienna because of Tehran's funding of Hamas rockets in the current escalation in Israel/Palestine.



"Biden administration's thirst to return to the JCPOA has emboldened Iran that it could gain maximum benefit by pursuing an aggressive counterpressure strategy that could be boosted by a new hardline president.."

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With Biden's inclination to rejoin the nuclear deal, Iran started to roll back its nuclear commitments under the JCPOA to put, on its part, maximum pressure against the new U.S. administration. Enriching uranium to 60% has been the most publicly alarming step of Tehran's decisions towards getting more concession from Washington, despite uncertainties over the effectiveness of his move given tremendous damage in the Natanz nuclear plant that was targeted by Israel in a clandestine operation. Meanwhile, the rivalry between the Rouhani administration and its domestic opponents continues, with hardliners seeking a further expansion of Iran's nuclear programme to add to Tehran's bargaining leverage, while Rouhani is more cautious regarding potential backlashes of nuclear escalation as he tries to see sanctions lifted before the end of his presidency this August. It seems Iran's president sees the revival of the JCPOA as a necessary condition for him to play a political role in the future. In late March, Rouhani implied that his team is confronting internal barriers - a reference to his domestic hardline rivals - in reviving the deal, when he said "if they let us and the obstacles being removed, at least part or all of the sanctions will be lifted and the administration will

be handed over. We must consider national interests and the framework of rationality." On the other hand, within a heated domestic political rivalry, the hardliners publicly cast doubt on Rouhani's goal to lift sanctions by August as they refer to his administration's overall failure to keep its promises. Therefore, they argue that it is better if the next administration negotiates with the West. In this vein, a European diplomat has stated that Western delegates have concluded that Iranian negotiators have no authority in the Vienna talks, and as the Islamic Republic's Supreme Leader believes he can get more concessions from the United States, Iran does not intend to make a hasty decisions regarding its own concessions before the June election. Thus, the destiny of the nuclear deal is somehow tied to the upcoming election in which the hardliners are expected to win. However, it should not be forgotten that Tehran needs to get rid of the massively costly U.S. sanctions. Thus, regardless of who will be the next president, the Islamic Republic will pursue to revive the JCPOA. A crucial factor is that the Biden administration's thirst to return to the JCPOA has emboldened Iran that it could gain maximum benefit by pursuing an aggressive counterpressure strategy that could be boosted by a new hardline president.

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ECONOMY

The rising speculation about an agreement between Iran and the West in the Vienna negotiations has had a positive impact on Iran's economy. While in October 2020, Iran's currency dropped to its lowest value ever against the U.S. dollar, with 320,000 rials for \$1, the victory of Joe Biden re-instilled hope that resulted to last week's 210,000 rials for \$1. In fact, Iran's currency market is closely linked to geopolitical developments. In this vein, Abdolnaser Hemmati, the Governor of the Central Bank of Iran, said the value of the dollar in Iran is not real and "we will certainly reduce it again." Also, Majidreza Hariri, the new president of the Iran-China Chamber of Commerce and Industry, has stated: "There is no doubt that the value of the Iranian national currency in comparison with currencies such as the dollar has a significant effect on the cost of goods and inflation and the fixed cost of living." "If the two factors of psychological atmosphere and reducing the pressure of sanctions occur, we can expect the dollar rate to approach the channel of 150,000 rials," he added.



With the Trump administration's maximum pressure, Iran's economy moved close to collapse, but when Trump's re-election was not successful, it changed the situation in favour of Iran's market, particularly the national currency rising again. Iran's Financial Tribune economic daily wrote that "some analysts believe that the Vienna talks remain a highly influential factor in the currency market and that the rates are likely to decline further if diplomatic efforts succeed and revive the landmark 2015 nuclear agreement." It is worth explaining that the two nationwide protests in 2018 and 2019 had each started with economic dissatisfaction and rise of the dollar against the rial, thus the value of the national currency is not only an economic concern but it can also pose a security risk for the Islamic Republic. Since it is expected that Iran and the Joe Biden administration will eventually reach an agreement, Tehran hopes to reduce the economic-cumsecurity threats. In this context, Mojtaba Tavangar, Iranian MP and member of the Parliament's Commission on Economy, predicted the rate of foreign currencies and inflation will progressively reduce in the upcoming months.

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SOCIAL

With the outbreak of the coronavirus in early 2020, Iran has ever since been the epicentre of the pandemic in the Middle East. The Iranian people experienced four infection waves. According to the latest overview in Iran, by 15 May the total number of infections was 2.73 million with 76,433 deaths.

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The figure relies on PCR tests and official statistics. However, this week Farid Najafi, Deputy Minister of Research and Technology at the Ministry of Health, has said "We commissioned one of the country's universities of medical sciences to estimate how many Iranians have been infected with Covid-19 so far. [...] An estimate from two months ago shows that between 40 and 55 percent of the country's population is infected with or without symptoms," he explained. This means that at least 30 million Iranians have been infected, i.e. more than ten times the official number. These figures raise a question about the vaccination programmes. The Ministry of Health and Medical Education announced the latest statistics of corona vaccination in the country:



"Iran's economic recovery that mainly relies on the removal of U.S. sanctions will also depend on the perseverance of the pandemic throughout the country."

According to the latest statistics (as of 13 May), a total of 1,670,118 people have received the first dose of a Covid-19 vaccine. To date, 330,805 people have received the second dose of the vaccine. In fact, Iran's vaccination programme consists of two parts: First, the Islamic Republic has invested in "made in Iran" vaccines. At least three companies claimed they successfully reached the final steps in the vaccine production process; and in one case Iran is working on a joint project with Cuba, although there are doubts about its efficacy. On the other hand, since the Supreme Leader of the Islamic Republic banned the import of American and British vaccines to Iran a few months ago, the Rouhani administration is restricted to import vaccines from Russia and China. Although the vaccination of medical staff has nearly finished and the vaccination of those of 75 years and older is underway, Payam Tabarsi, head of the infectious disease department at Masih Daneshvari Hospital, has said: "At the moment, the speed of our vaccination is not suitable at all to inject the vaccine into 80 million people." Against this backdrop, it is not clear how swift and effective Iran's vaccination programme will be, also especially given much higher real figures of infections. Therefore, Iran's economic recovery that mainly relies on the removal of U.S. sanctions will also depend on the perseverance of the pandemic throughout the country.

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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 Iran in an Emerging New 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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