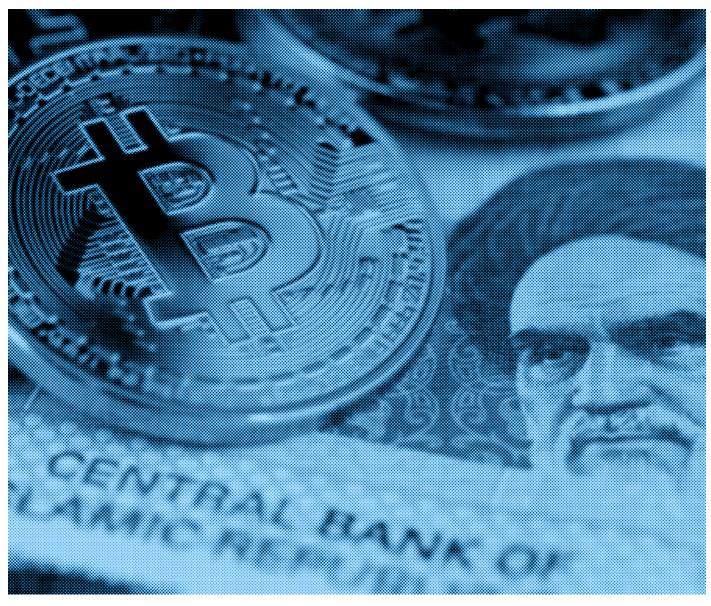
# IRAAII 1400 BRIEF

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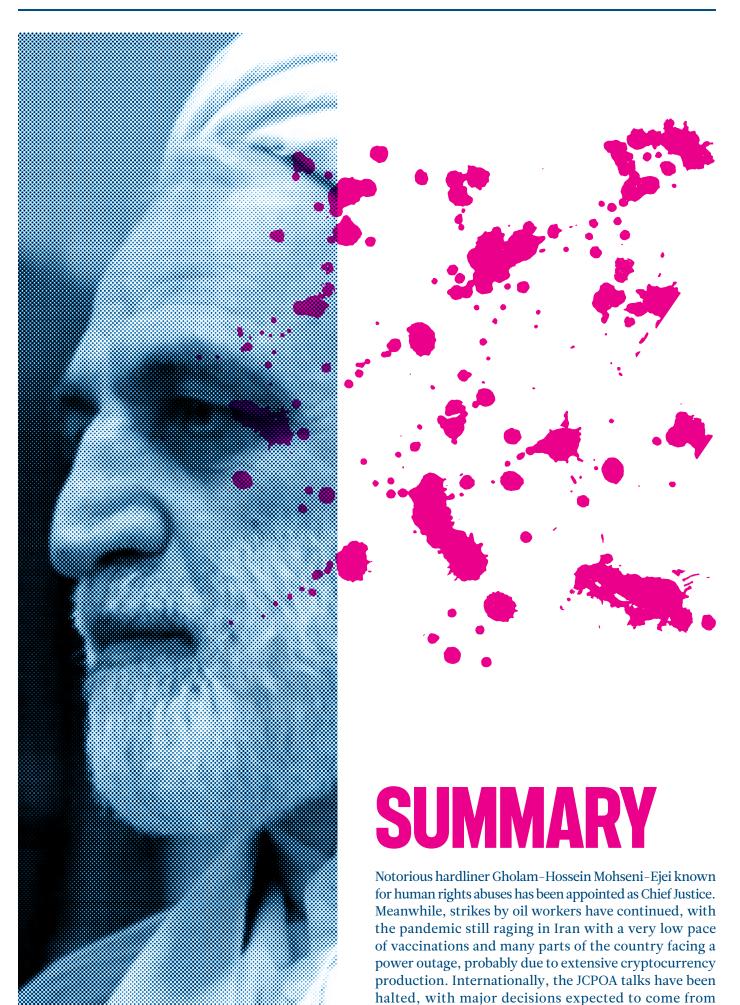
**BEYOND THE HEADLINES** 







IRAN 1400 BRIEF 28/06 – 04/07

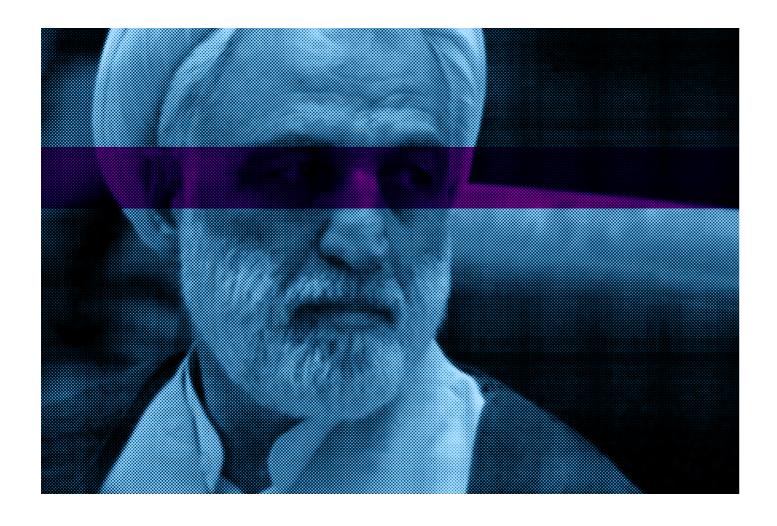


Washington and Tehran in terms of their respective extent

of concessions they will be willing to offer.

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#### **MOHSENI-EJEI APPOINTED AS JUSTICE CHIEF**



This week, Supreme Leader Ali Khamenei appointed Gholam-Hossein Mohseni-Ejei as Chief Justice to succeed President-elect Ebrahim Raisi in that position. Khamenei urged Ejei to "promote justice, restore public rights, ensure legitimate freedoms, and oversee the proper implementation of laws, prevent crime, and resolutely fight corruption." Mohseni-Ejei was sanctioned by the U.S. Department of Treasury in 2020 under a 2010 executive order and by the European Union in 2011 for his role as intelligence minister in the crushing of protests after Iran's disputed 2009 presidential election.



"Ayatollah Kaomeni and then Khamene elected hardliners with a close relation ship with them or chief stice."

According to the Islamic Republic's constitution, the Supreme Leader has the authority to directly designate the Chief Justice. Since the 1979 revolution, Ayatollah by then Chief Justice Sadegh Amoli-Larijani, and in Khomeini and then Khamenei selected hardliners with a close relationship with them for chief justice. The Judiciary has had an extraordinary role in the Islamic Republic in controlling political opponents. Therefore, the Supreme Leader has traditionally designated loyalist hardliners who proved their efficiency in protecting the Nezâm (i.e. the system of the Islamic Republic). For instance, Mohseni-Ejei's record demonstrates the likely reasonsfor his appointment. In 1987, he was the interrogator of Mehdi Hashemi, a relative of Hossein-Ali Montazeri (a radical cleric who opposed Iran's secret "Iran-Contra" dealings with the U.S.), who was executed after conviction by the Special Court for Clergy on charges of terrorism as well as espionage. In 1997, Mohseni-Ejei was the judge of Gholam-Hossein Karbaschi, the popular mayor of Tehran in the 1990s. The much-politicized trial was broadcasted by Iran's state TV. Later, Mohseni-Ejei was designated as Intelligence Minister by President Mahmoud Ahmadinejad

in 2005, then was dismissed by the latter in July 2009 but was instead appointed attorney-general (2009-2014) August 2014 he was made first vice-chief justice. From 2010 to 2019, he was also the spokesman of the Judiciary. Moreover, Mohseni-Ejei has been one of the students of the Haghani School where most of the current officials of the Islamic Republic, like Raisi, studied Islamic thought according to teachings of Mohammad Beheshti, the first head of the Islamic Republic's Judiciary, before the 1979 revolution. Both Raisi and Mohsen-Ejei are notoriously known as hardline "yes-men" loyalists specialized in the pseudo-legal and lethal repression of regime opponents beyond any legality, hence both their successful careers throughout the four decades of the Islamic Republic. In addition, it is speculated that Khamenei's appointment of Mohsen-Ejei shall serve as counterbalance to Raisi as some regard them as rivals. Yet, despite their difference, is it more likely that they both rather represent the top decision-makers' willingness to monopolize power into the hands of a small hardline circle.

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# U.S.-IRAN CONFLICT: REGIONAL GEOPOLITICS & JCPOA TALKS



## the HEADLINES

Iran and the U.S. continued their strife this week with <u>U.S.</u> <u>airstrikes</u> against Iran-backed militia in Syria and Iraq as well as the ongoing controversies over the revival of the nuclear deal. Amid ongoing Vienna talks on the JCPOA, the Biden administration ordered airstrikes into parts of Iraq and Syria, targeting Iranian-backed militias, in response to the drone attacks against American bases and personnel in Iraq believed to be carried out by pro-Iran groups. After the killing of Ghasem Soleimani, commander of the Quds Force of IRGC, the Islamic Republic had vowed to expel U.S. forces from the Middle East and Iran's instrument has been attacks carried out against U.S. interests, particularly in Iraq, militia groups it supports.

Regarding the Vienna talks, the Biden administration is still hopeful to rejoin the JCPOA. For instance, the U.S. Treasury removed sanctions on three Iranians. Although the U.S. claims that this did not reflect a change in its sanctions policy toward Iran and had nothing to do with the talks on restoring the nuclear deal, these decisions are indeed a signal of goodwill to Tehran. According to media reports, Iran has demanded that the U.S. must guarantee it will not leave nuclear deal again. In response, U.S. Republican Senator Ted Cruz warned, tweeting that "The only way this happens is if the Biden administration submits the Iran nuclear deal as a treaty, which it won't because they know there's bipartisan majority opposition. Any deal that's not a treaty won't last, and the next admin will tear it up on day 1." Meanwhile, an Iranian official has told CNN about the agreement between Tehran and IAEA (which is about the former storing video tapes instead of the latter having direct access to them) signed at the turn of the year that "If the talks succeed, Iran will surely show the tapes to the IAEA." He added, "Sharing the tapes depends on the way that the [JCPOA] negotiations will proceed."

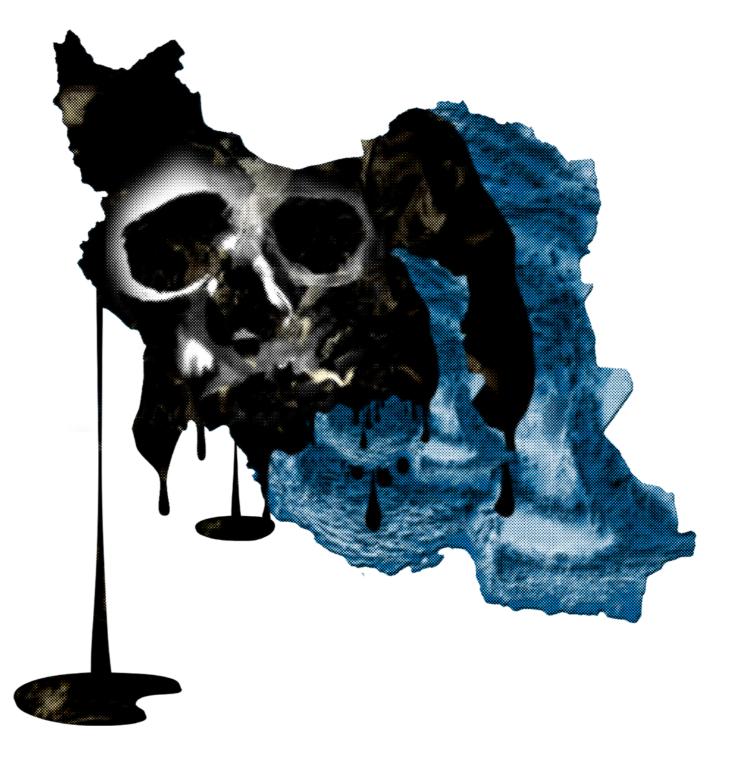
In the previous week, we discussed that the Biden administration may have changed its initial messaging to Iran, counteracting the perception many had harbored that the U.S. may be willing to sacrifice many of its interests and policies just in order to be able to resurrect the JCPOA. The recent U.S. airstrike against Iran-backed militias in Iraq and Syria illustrated that Washington views the Iranian file beyond the JCPOA. The White House seems to fear that in case of too many concessions to the Islamic Republic, this could provide the Republican Party to challenge Democrats in the 2 November Congress election and even potentially the presidential election in 2024. In this vein, U.S. Secretary of State Antony Blinken remarked that "We took necessary, appropriate, deliberate action that is designed to limit the risk of escalation, but also to send a clear and unambiguous deterrent message." On the other hand, in Iran, the Islamic Republic expects that the U.S. lift all sanctions in a permanent and nonrevocable fashion. Accordingly, IRNA (Islamic Republic News Agency) reiterated that it is up to Washington, not Tehran, to make the tough decisions.

As for the talks in Vienna, they are now on hold after the seventh round of negotiations was completed there. Mikhail Ulyanov, Russia's permanent representative to international organizations in Vienna, tweeted that "The #ViennaTalks on #JCPOA will resume as soon as all the Participating States are ready for what is supposed to be the final stage of negotiations. This isn't the case in point yet. Some participants need more time. Looks like we will meet in Vienna not earlier than next week." It is clear that it is now upon Iran and the U.S. to make crucial decisions on their respective extent of concessions. Kayhan, hardline daily close to Iran's Supreme Leader, has urged the incoming president to step up the pressure as "the Raisi administration should announce the expiration date of the JCPOA." Since the signing of the nuclear deal in 2015, this daily has opposed it and asked Iran's administration to withdraw from the JCPOA. Notwithstanding, Raisi made clear in his first press conference that talks on the revival of the JCPOA will continue and he asked the U.S. and EU to commit to their obligations under the nuclear deal.

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#### WIDENING "CAMPAIGN 1400" STRIKE AMID GROWING WEALTH OF ÉLITE

Oil and petrochemical industry laborers are continuing their strike for better wages. This week, the second week of the strike, workers from more than 60 companies in eight provinces have joined the movement to demand higher wages and better contractual conditions. There are around 154,000 workers in Iran's energy and petrochemical sectors with temporary or contract status, who do not have the benefits regular employees enjoy with state entities (such as this sector). In reaction to the strikes, President Rouhani said he will ask the Minister of Cooperatives, Labor and Social Welfare to help the workers, however he alleged that these workers, as they are contractual, have nothing to do with oil production, distribution and exports. While state media does not cover the news of the strikes, Rouhani claimed that the strike in Iran's oil sector are a result of "anti-Iranian satellite TV propaganda machines". On the other hand, Mahmoud Ahmadinejad, who tries to play the role of a domestic opposition these days, <u>released a statement</u> in support of the "legitimate and legal" demands of the workers and emphasized that "I warn the authorities and the officials (of the public companies) concerned that ignoring the protests of those who are prohibited from all the usual forms of expressing their demands will not have good consequences for them." Videos posted across social networks showed that there are long queues of cars for fuel.



## the HEADLINES

One of the most important legacies of the outgoing Rouhani administration has been the deepening of the suffering and hardship for Iranian workers who have lost their ability to make a living. With the 50% inflation rate coupled with the severe decline of Iran's currency against the U.S. dollar, many Iranians can no longer afford their daily needs. According to official reports <u>published</u> in June, 30% of the Iranian people are under the poverty line. Yet, in a probably more realistic assessment, Ahmad Tavakoli, former conservative MP, in March said that 60% of the population are under the poverty line. Meanwhile, Forbes reported this week that "in 2020, the number of high nets worth individuals (HNWIs) in Iran grew by 21.6%, way above the global average of 6.3%. The collective wealth of these dollar millionaires grew even faster at 24.3%", with an estimate that "there are now 250,000 millionaires in Iran" - and all of this despite U.S. sanctions and the devastating Covid-19 pandemic in the country. The average salary of the workers is less than 200\$ per month. Therefore, the ongoing strike of oil industries workers must also be seen in the context of the widening gap between the poor and rich.

The deteriorating conditions of the lower classes raises formidable political concerns. In recent years, this has changed the political equations in Iran's society when the lower classes were the major actor in the two nationwide protests in 2018 and 2019. Before these demonstrations, in 2009 and 1999, the protests mostly encompassed the middle class. The most recent implication of this changing dynamic between the poor and the Islamic Republic has arguably been the historically low voter turnout in the 18 June presidential election as it is believed that many among the lower classes refused to cast a vote. The "Campaign 1400" strike could become a turning point for all workers in Iran in case it can realize its demands, with the workers in other sectors being motivated to go on strike as well. Alternatively, with the rejection of their demands, it is possible that the ongoing strike can hugely affect the production and distribution of oil and gas in the country, which will have security ramifications.

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# SOCIETY: FIFTH WAVE OF THE CORONAVIRUS & POWER OUTAGES DUE TO BITCOIN PRODUCTION?

#### "Large parts of the country were plunged into darkness."

On the societal level, two important developments took place: (1) The fifth wave of coronavirus outbreaks in Iran and the lack of an effective vaccination schedule. The above-70-olds are still waiting to receive their second dose of vaccine, while the rest of the population has not even received the first dose. Meanwhile, Sistan and Baluchestan province, located in the southeast of Iran, which is traditionally known as a deprived area, has faced a coronavirus tsunami. This week, the province broke the record of deaths during 24 hours. Meanwhile, the considerably more contagious Delta variant of the virus has spread throughout Iran, turning many southern and central regions plus the Tehran agglomeration into "extremely dangerous" red zones. While only 5% of Iran's population received their vaccine, Heydar Mohammadi, Director General of Pharmaceutical Affairs of the Food and Drug Administration, <u>claimed</u> that "While the whole world has problems in supplying medicine, the Islamic Republic of Iran should be proud to be one of the producers of vaccines in the world." The Rouhani administration had promised to vaccinate a large population of Iranians with "made in Iran" vaccines by mid-June but it now says this will happen by September. The officials claim

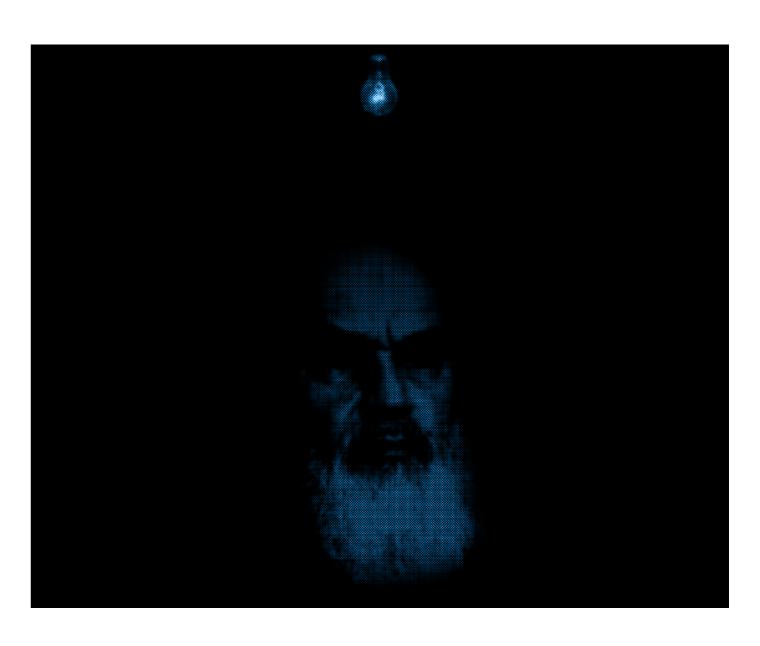
that seven Iranian companies have been successful to produce coronavirus vaccines, more than any country in the world.

(2) Power outages over the weekend throughout the country, including Tehran and Karaj, have created many problems for Iranians (including heavy traffic and the destruction of tons of fresh food), especially in those provinces where air temperature has reached 50 degrees Celsius. Large parts of the country were plunged into darkness. Rajabi Mashhadi, spokesman for the electricity industry, has said Iran's power consumption this summer has reached 65,000 megawatts per day, while electricity generation has remained the same at 54,000 megawatts. In April, electricity management officials had warned of a "power-outage tsunami" in the summer, predicting that supplies would not keep up with consumption. The blackout lasted between three to five hours per day. As a result, people's frustration translated into "death to the dictator" (Marg bar dictateur) chants during power outages from people's windows and later even some street protests ensued.

# the HEADLINES

- (1) It seems there is no clear timeline for the vaccination of the Iranian population. Meanwhile, President Rouhani said "It is feared that we are on the way to a fifth wave throughout the country," warning the public to be careful as the Delta variant had entered the country from the south and south–east. As such, there is no end in sight of both the pandemic and its related economic and health costs
- (2) In terms of the power outages, based on a research conducted by Cambridge University, the electricity consumption by crypto-miners in Iran has increased 4.5 times since October 2020. On 22 June, Reuters reported that "according to blockchain analytics firm Elliptic,

around 4.5% of all bitcoin mining takes place in Iran, giving it hundreds of million dollars in revenue from cryptocurrencies that can be used to lessen the impact of U.S. sanctions." According to the Elliptic Blockchain Analysis Institute, Iran earns about \$1 billion a year from bitcoin production. In July 2020, Mojtaba Rezakhah, Iranian MP, had said "Under sanctions, the use of digital currencies leads to economic growth, which must be taken into account." In this vein, beyond Iranian groups, the Islamic Republic has facilitated Chinese companies to mine digital currencies in Iran. All in all, the consequence of investing in cryptocurrencies resulted in widespread blackouts throughout the country in the summer when people need cooling equipment



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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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