



## Spotlight on Iran



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### Highlights of the week

- ✓ Regime continues making preparations while showing resolve in the face of escalating economic sanctions
- ✓ Majles Research Center: increase in prices of energy products has no significant influence on Iranians' consumption habits
- ✓ Distribution of Khamenei's new biography put on hold due to opposition from Supreme Leader's office
- ✓ Religious establishment strongly criticizes football premier league's decision to hold matches during Ramadan

#### Regime continues making preparations while showing resolve in the face of escalating economic sanctions

Last Saturday, July 7, the Expediency Discernment Council, headed by Ali-Akbar Hashemi Rafsanjani, held a special meeting attended by Iran's President Mahmoud Ahmadinejad to discuss the consequences of the escalating economic sanctions against Iran.

Mohsen Reza'i, the chairman of the council, reported that the president, the economy minister, the petroleum minister, the industry and commerce minister, and the governor of the Central Bank had given the council an economic report and briefed it about the economic problems Iran is facing as a result of the sanctions imposed on it in the past two years by the United States and the European Union. Those problems, he said, escalated during the past six months. The government reported to the council that, as a result of the sanctions, state revenues in foreign currency have decreased, and difficulties have emerged in money transfers between banks and in sea traffic. The government representatives brought the council up to date on the economic plans they

had drawn up to deal with what they referred to as the “economic war” forced on Iran, and reported that, in accordance with the government’s decision, there are currently an economic headquarters and an economic committee headed by the president that meet regularly to discuss arrangements for the sanctions. President Ahmadinejad noted that some of the meetings, attended by the economic government ministers and Central Bank representatives, last from morning into the night.

Reza’i said that the report given by the government was optimistic, suggesting that the government has the ability to overcome the economic problems and the consequences of the sanctions. He added that government representatives had admitted that they were unhappy with the ongoing price increases, which put more pressure on Iranians, and argued that, if the government had not taken a series of monetary measures, the country would be now facing great danger. During the meeting, the president reported that the government had drawn up a one-year plan to deal with the economic sanctions.

According to Reza’i, the meeting was held in a friendly atmosphere. He noted that, even though there were disagreements among council members over the economic report given by the government, most of them had expressed their willingness to cooperate with it and help it contend with the economic situation. The council members brought up their concerns and questions to the government representatives, who gave replies and made promises which, they said, they will be able to fulfill in the next several months. Council Chairman Ali-Akbar Hashemi Rafsanjani thanked the government for its efforts to find a solution to the economic problems and expressed his hope that it will be able to fulfill its promises.

At the end of the meeting, Reza’i said, it was agreed that the heads of the three branches of government must combat the economic war waged against Iran in the spirit of unity and cooperation. He gave his opinion that the struggle against the conspiracies of Iran’s enemies requires those involved to set aside their political differences and cooperate with the government (Fararu, July 8).



In an interview given to Mehr News Agency this week, Reza'i said that Iran currently needs an “economic awakening” as a follow-up to the “political awakening” that took place during the popular uprising against the royalist regime headed by the Shah, and to the “defensive awakening” during the Iran-Iraq War. He stressed the need for Iranians to actively participate in the country’s economy, industry, and agriculture, and said that the citizens’ presence on the economic scene as part of the “third awakening” is the only way to contend with the sanctions. The fight against the sanctions requires the adoption of a “popular economy” and the use of Iranians’ strengths to turn the threats and sanctions into opportunities (Mehr, July 8).

As part of the Iranian efforts to find solutions to the restrictions imposed on the country under the oil embargo, this week Mehr News Agency reported on the creation of a syndicate made up of reputable private sector exporters, whose aim will be to export between 400 to 500 thousand oil barrels a day to world markets, particularly to Europe. According to Hassan Khosrojerdi, the head of the Iran’s Oil Exporters Union, the syndicate was established through an agreement signed between the Central Bank, the Petroleum Ministry, and the Oil Exporters Union. According to the agreement, 20 percent of Iran’s oil exports will be handed over to the new syndicate. Khosrojerdi noted that the first private sector oil export contract will be signed this coming week, and that the syndicate is expected to sell some of the oil to privately-owned refineries in Europe. He said that due to the international restrictions on Iranian oil exports, benefits will be given to some of the buyers. He refused to provide details on the agreements achieved with refineries in Europe on selling Iranian oil through the syndicate. According to Mehr, the establishment of a syndicate involving the private

sector is a manifestation of the sanctions turning into an opportunity to strengthen that sector (Mehr, July 7).

In addition, Iran has denied this week that it is having trouble insuring the oil tankers that carry Iranian oil now that the European insurance ban has come into effect. Mohammad-Reza Bana'i, the director of the Kish insurance company, said in an interview to Fars News Agency that all major oil tankers carrying oil from Iran are currently insured, and that 13 new tankers will have insurance coverage soon (Fars, July 8). At the same time, Ali Marvi, deputy chairman of the Majles Energy Committee, reported that the committee is currently working on a set of proposals to contend with the oil embargo. It will consist of 7 or 8 clauses that will address, among other things, alternatives for insuring oil tankers and transferring responsibility for oil exports from the Petroleum Ministry to the president's office (Mehr, July 9).

Meanwhile, the official media continues to trivialize the effects of the sanctions and the oil embargo, which came into effect last week, suggesting that the new sanctions should be used to promote significant changes in Iranian economy.

The daily Keyhan argued earlier this week that Western estimates according to which the sanctions will lead to an internal destabilization in Iran have been proven false, and that, as in previous years, the citizens of Iran continue to express their support for the regime and the revolution. "What doesn't kill you, makes you stronger", Keyhan wrote, and so the sanctions can be turned from a threat into an opportunity to achieve growth and progress by correct planning and by the regime implementing provisions for the economic war forced on Iran by its enemies. The Western media also admits, according to Keyhan, that Iran has not yielded to the heavy pressure and is treating the sanctions as an investment that requires expenditures in the short term but guarantees profits in the long term.

While the West did strike the first blow, Iran has been unharmed and can now fight back against its opponent. What is more, the sanctions have not harmed Iran politically and even strengthened the country's internal cohesion. When Iran will get over the dangerous challenge it is currently facing, and there is no doubt that it will, "the legend of Western power" will die in the eyes of international public opinion (Keyhan, July 8).

The government daily Iran also argued that Iran's economy, based as it is on the values of the Islamic revolution, is able to minimize the effects of the sanctions thanks

to Iran's geopolitical status and its internal ability to turn them into opportunities to "reengineer" the process of producing national wealth. Under Ahmadinejad's government, Iran's economy has undergone processes which have given it greater self-reliance, and whose goal has been to prevent any damage as a result of the sanctions. Even now, the economy of Iran continues to grow despite the conspiracies of the regime's enemies and the dissenters inside the country.

The daily criticized the domestic critics of the government and the regime as well as some media for claiming that the sanctions do have an impact and for questioning the government's successful plans. According to the daily, various elements exploit the economy for purposes of propaganda due to the effect of the government's economic decisions on Iranian society. The daily called on the media and the authorities to unite under the banner of the Islamic revolution to guarantee the surrender of the enemy (Iran, July 8).



The Tabnak website also said that the sanctions should be turned into an opportunity to free Iran's economy from its dependence on oil. A commentary article published on the website argued that it is this dependence that is responsible for a large portion of the economic problems and the structural weakness plaguing the economy. Based on the experience of other countries, including Iraq, North Korea, and Cuba, which has been under sanctions for over 50 years, Iran cannot expect the sanctions to be lifted and needs to use them to its advantage to free itself from its dependence on oil.

According to the website, the main solution for the elimination of Iran's dependence on oil lies in developing the petrochemical industries to achieve economic expansion. Last year, Iran's revenues from exporting petrochemical products amounted to 12 billion dollars, which is only part of the potential of its petrochemical industry. If Iran will manage to increase the manufacturing capabilities of such petrochemical industries as plastic, textile, and chemicals, its revenues will significantly increase. The website cited the example of Turkey, which brought in more than 100 billion dollars last year by exporting textile products, a significant portion of which are related to the petrochemical industry.

Having relied on oil revenues for many years, Iran saw no need to strengthen its other industries, not even those directly related to oil or gas. This has had severe economic repercussions. Developing the petrochemical industry is only one way of eliminating Iran's dependence on oil. Other ways include strengthening the agricultural sector, tourism, and crafts, each of which can bring about economic changes.

The website concluded that the sanctions need to be considered a threat but also an opportunity, and that the attitude towards the sanctions will affect the future of the Iranian economy. While the sanctions can be dealt with by bringing up the price of oil, issuing threats, closing the Strait of Hormuz, and finding alternative buyers for Iranian oil, it is preferable to take measures that will remove the "loose teeth" of Iran's economy once and for all (Tabnak, July 8).

### **Majles Research Center: increase in prices of energy products has no significant influence on Iranians' consumption habits**

A report published by the Majles Research Center this week indicates that the increase in the prices of energy products as a result of the subsidy policy reform has had no significant effect on the consumption habits of Iranian citizens.

The report looked at the influence of the sharp increase in the prices of electricity, natural gas, and gasoline following the removal of the energy product subsidies on the consumption habits of Iranians. The results were broken down by demographic variables (urban families vs. rural families) and socio-economic variables (low-income families vs. medium and high-income families).

The authors of the report note three main conclusions that can be drawn from their study:

1. In general, the price increases have had a more significant effect on rural families than on families living in cities, and the energy consumption among rural families has decreased by a more significant percentage than it has among urban families.
2. The impact of the price increases on energy consumption among urban families belonging to the lower income deciles has been greater than among urban families belonging to the upper income deciles. The reverse has taken place in rural areas.
3. The impact of the increase in electricity prices on electricity consumption among all families (both in cities and in rural areas) has been greater than the impact of the increase in the price of gasoline and natural gas on their consumption.

The report states that the percentage of energy expenses out of the total household expenses is higher among those with low incomes than those with medium or high incomes. The percentage of non-energy expenses out of the total household expenses is higher among those with high and medium incomes than those with low incomes.

While the electricity and gasoline expenses of urban families are higher than those of rural families, natural gas expenses are higher in rural families than in urban families.

The impact of the price increases on urban families belonging to the lower income deciles has been greater than its impact on urban families with high incomes, meaning that the increase in energy prices has resulted in a greater decrease in energy consumption among urban families with relatively low incomes than among urban families with high incomes. In rural families, on the other hand, the impact of the price increases on families with high incomes has been greater than its impact on families with low incomes, meaning that the increase in energy prices has resulted in a greater decrease in energy consumption among rural families with relatively high incomes than among rural families with low incomes.

The impact of the price increases on low-income urban families has been greater than its impact on low-income rural families.

The report published by the Research Center has found that the increase in energy prices has had almost no impact on the consumption habits of Iranian citizens. Even though the price increases have also had an impact on non-energy products, such as food and health and education services, the consumption habits of families in Iran have barely changed. The report states that, if the purpose of removing the subsidies and replacing them with cash benefits was intended to alter the Iranians' consumption habits and increase efficiency, this objective has not been reached. The subsidy policy reform, according to the report, has changed the breakdown of household expenses more than it has changed consumption patterns.

Given the disparate effects of the energy price increases on families as a function of rural/urban and income groups, the Research Center suggests giving preference to an economic policy that will take into consideration demographic and socio-economic variables instead of a one-size-fit-all policy for all Iranian citizens. In order to increase the effect of the subsidy policy reform on consumption habits, the Research Center suggests adopting a different policy than the one currently in place, for instance, by giving benefits to families that use efficient and economic energy products (<http://rc.majlis.ir/fa/news/show/812947>, July 7).

### **Distribution of Khamenei's new biography put on hold due to opposition from Supreme Leader's office**

Several days after its publication began, the new biography of Supreme Leader Ayatollah Ali Khamenei was taken off the shelves on orders of the authorities until changes are made and its release is coordinated with the Supreme Leader's office.

The biography *The Explanation of a Name* (Sharh-e Esm) was first introduced at the international book fair held in Tehran in the beginning of this past May. The 766-page biography was written by the historian Hedayatollah Behboudi and published on behalf of the Political Studies and Research Institute in Tehran, which, according to several recent reports, is affiliated with the Ministry of Intelligence. The book unveils previously unpublished documents and photographs about Khamenei's activity in the years of the struggle against Shah Mohammad Reza Pahlavi's royalist regime. Among other things, the book contains documents produced by SAVAK, the Shah's intelligence and security service, which shed light on interrogations underwent by Khamenei during his arrests in the 1960s and 1970s, as well as photographs from the periods in question.



The biography sold a large number of copies on the first day of the international book fair in Tehran. Shortly thereafter, however, all the copies of the book were recalled and its distribution was put on hold. Several days later, the institution in charge of distributing the Supreme Leader's works, which operates within the Supreme Leader's office, issued a special announcement on the new biography. In its announcement, the institution stated that, while the research conducted by the author of the book was commendable, the distribution of the book had not been coordinated with or approved by the institution, and it contained a number of historical and other errors that needed to be rectified before it could go back into distribution. Jaras, a website affiliated with the reformist opposition, argued that the announcement reflected the Supreme Leader's own reservations about some of the content of the book (Jaras, May 12). Seyyed Mohammad Hosseini, the minister of Islamic guidance, clarified in an announcement he published that books dealing with the Supreme Leader require the approval of the authorities, and that his ministry had suspended the distribution of the book until several corrections were made (ISNA, May 21).

Last week the [www.jahadi.ir](http://www.jahadi.ir) website published an article criticizing the new biography. The article, also published on the Supreme Leader's official website, reflects the opposition provoked by the book among Khamenei's allies. The article notes the significance of the book and expresses gratitude to the author for the considerable efforts he put into his research and for the important details he exposed about the Supreme Leader's activity against the Shah and his many qualities, including his religious piety, his attitude towards the weak and oppressed members of society, his humaneness, and his capability of enduring a great deal of physical and psychological suffering.

The article claims, however, that it was inappropriate for the author to include various details from the period of Khamenei's struggle against the royalist regime which may cast him in a problematic light. The article further argues that it would have been better to coordinate the publication of the book with the Supreme Leader's office, and that the lack of such coordination is clearly visible in the book contents. Such coordination is highly significant, since those who read the book believe that it has been approved by the Supreme Leader, particularly when considering the fact that it contains numerous classified documents.

The website argued that a book whose subject matter is the Supreme Leader must take his special status into consideration when disclosing information about him and

photographs where he appears. During his struggle against the Shah, Khamenei implemented the principle of *taqiyya*, which allows Shi'ite believers to conceal the tenets of their faith for self defense and survival. This is reflected, for example, in the information Khamenei gave during his interrogations by SAVAK and in the confessions he made during his arrest. For instance, SAVAK documents included in the new biography say that Khamenei disavowed the leader of the Islamic revolution, used honorifics when referring to the Shah, and, through SAVAK, even gave him suggestions for the improvement of the “White Revolution” led by Mohammad Reza Pahlavi in the 1960s and the 1970s.

The article also takes issue with personal information regarding Khamenei that has been included in the book, such as his habit of smoking cigarettes, the extreme poverty which he endured at various points in his life, the difficulties he experienced over the years, his efforts to raise funds from top clerics, and his inability to finance his basic needs, including food and showering. Some of the photographs published in the book, including one showing Khamenei during his arrest without his beard and mustache, drew criticism as well. According to the Jahadi website, publishing such photographs may serve the interests of the Supreme Leader’s enemies, make him the target of mockery, and dishonor him.

The website also said that some of the SAVAK documents included in the book are unreliable, and that the Supreme Leader himself had previously denied some of the information pertaining to his person that these documents contain. Some of the details given in the interviews conducted by the author of the book with various personalities are also incorrect (<http://www.jahadi.ir/titr1/9104111>, July 1).



**A photograph of Khamenei as it appears in the new biography**

The opposition sparked by the new biography and the prevention of its distribution are yet another manifestation of the efforts to stop the spread of information that may undermine the regime's efforts to glorify Khamenei. These efforts, which include attempts to portray him as having superhuman qualities, have significantly increased in recent years in direct response to the increasing challenges to his political leadership and religious authority.

### **Religious establishment strongly criticizes football premier league's decision to hold matches during Ramadan**

The Iranian Football Federation's intention to hold its premier league matches during the month of Ramadan has come under increasing criticism from the religious establishment. Two top clerics ruled this past week that holding the premier league matches during the month-long fast goes against Islamic religious law.

Last week Ayatollah Nasser Makarem Shirazi expressed his regret over the decision of the Football Federation to hold the premier league games during the month of Ramadan, and ruled that Muslims need to make sure they preserve their Islamic culture and avoid holding football games during the month of fasting. When asked to comment on the Shari'a aspects of the decision made by the Football Federation, the conservative cleric said it is surprising that the Islamic republic does not properly enforce the fast while its neighbor, Turkey, has announced that football games during the month of Ramadan will be canceled. Referring to the claim made by the leaders of the Football Federation about the need to hold the games on time to keep up with the match schedule of the Asian Football Confederation, Makarem Shirazi ruled that Iran needs to let the world sports centers know that its culture makes it impossible for the country to hold football matches during the Ramadan (Tabnak, July 2).



The top cleric Ayatollah Safi Golpayegani also said that football matches should not be held during the month of Ramadan. In a religious ruling released by Golpayegani to address the issue, the cleric ruled that it is vital for Muslim believers to maintain their Islamic identity, independence, and religious traditions, and that they need to be observed under all circumstances. He said he was confident that the organizers of the football matches place more significance on preserving the culture of Islam and the dignity of the Islamic republic than on anything else, and that if they do go against Islamic traditions, they will not gain the cooperation of Iran's young believers (Tabnak, July 3).

In an article published by Hojjat-ol-Eslam Hosseini Aref on the website of the Ahlulbayt Association ([www.abna.ir](http://www.abna.ir)) on July 1, the cleric presented various arguments against holding football matches during the Ramadan. Aref noted that, in the 1980s, football matches during the month of Ramadan were canceled to allow players to fast properly; but that, unfortunately, in recent years the premier league matches have been held also during the fasting period. He pointed out several negative consequences that arise as a result. First, the players and the professional staff of the football teams must break the fast to remain physically fit for the games, which requires them to continue training as usual. Second, breaking the fast causes moral and psychological damage to the players, who are forced to violate divine law. The fast is one of the fundamental precepts of Islam, and anyone who forces players to break it to comply with various regulations and schedules cannot expect them to abide by the laws of morality in Iranian stadiums or serve as ambassadors of the Islamic republic in foreign football fields. Third, violating the laws of Islam also harms the football team managers, who need to decide between the need to comply with the dictates of religion and the need

to hold games in accordance with the instructions they are given. Fourth, by breaking the fast, the football players have a negative influence on Iran's youngsters, who come to watch the matches and see how the players, who they look up to as role models, rebel against divine law. Fifth, holding football matches during the Ramadan leads youngsters to prefer going to stadiums or watching the games on television instead of going to mosques or reading the Quran.

Hojjat-ol-Eslam Aref referred to the Football Federation's claim that holding the matches during the month of Ramadan is necessary for keeping up with the schedule of the Asian Football Confederation, and said that Iranians need to express commitment to their religion, not to laws imposed on them by non-Muslims. Furthermore, postponing the games by several weeks does not go against international regulations, proof of which is that Turkey and the UAE have also decided to postpone the league matches until after the month of Ramadan is over.

Despite the criticism voiced by the clerics, Gholam-Reza Behravan, the head of Iran's Premier League Association, said that there are no plans to postpone the league matches. In an interview to Fars News Agency, Behravan said that, even though a number of football clubs requested that the league matches not be held during the month of Ramadan, it was decided to retain the original schedule (Fars, July 3). The football premier league matches will begin on July 19, two days before the start of Ramadan, and will be contested between 18 teams.

This is not the first time that football and the month of Ramadan have stirred controversy in Iran. Two years ago, the Iranian football star Ali Karimi was suspended from his team, Steel Azin, for failing to observe the Ramadan fast.



Pictures of the week: poverty in a village in Eslamshahr, near Tehran





