

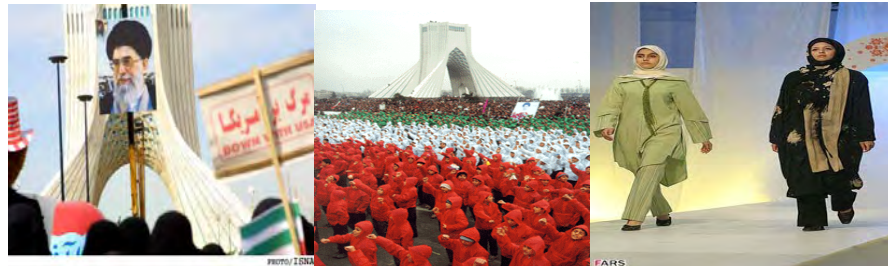


**The Meir Amit Intelligence
and Terrorism Information Center**

Spotlight on Iran

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Week of October 14-21, 2010

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Highlights of the week

- ✓ Subsidy policy reform launched for the first time since the Islamic revolution
- ✓ Supreme Leader visits center of Iran's religious establishment for the first time in 10 years
- ✓ Iran once again sets conditions ahead of resumption of talks with the West
- ✓ Iran to hold OPEC presidency for first time in 36 years
- ✓ "Weight loss challenge": sixty percent of Iranians are overweight
- ✓ Pictures of the week: Venezuela's President Hugo Chavez and Iraq's PM Nouri al-Maliki visit Tehran

Subsidy policy reform launched for the first time since the Islamic revolution

More than two years after President Ahmadinejad first announced his intention to implement a comprehensive reform in Iran's subsidy policy and nearly one year after the reform was approved by the Majles, this week Iran's government has started paying cash benefits into personal bank accounts under the program. The cash benefits are aimed to compensate the public for the price increases that will likely follow the subsidy cuts. During the first stage, residents of the three east Iranian provinces of Khorasan Razavi, North Khorasan, and South Khorasan received 81 thousand tomans (about 80 dollars) into their bank accounts. Iranians

from the poorest sectors of society will receive higher sums (nearly 90 dollars). The deposition of cash benefits in personal accounts in all 31 provinces in Iran is expected to continue in the coming weeks. So far about 61 million Iranians have signed up for the cash benefits under the reform.

Behrouz Moradi, chairman of the Subsidy Policy Reform Organization, said this week that it has not yet been decided how often deposits will be made. He noted that individuals can withdraw the funds deposited in their accounts only after the price increase that is expected to take place in the coming weeks (ISNA, October 18). It is still not clear what products will become more expensive or by how much.

The reform organization has announced this week that interested citizens can register the bank account number they will be using for the cash deposits on the www.refahi.ir website. People who do not register by October 21 will be unable to receive the cash benefits during the current phase of the program (various news agencies, October 17).

In a speech given this week in Ardabil Province, the president said that the subsidy policy reform was aimed to promote social justice and allow all Iranians to manage their money the way they see fit. He stressed that the government intends to continue the implementation of the reform according to its plan regardless of criticism made by various elements against the program. He promised to give more details about the reform in a TV interview he intends to give in the coming days (various news agencies, October 17).

Recently several Majles members have once again asked the government to give the public a more detailed update on the reform to ensure the citizens' cooperation in its implementation. Majles member Hossein Sobhani-Nia said that the government must provide the necessary clarifications about the reform to allay the public's concerns over its consequences (Fars, October 17). Gholam-Reza Mesbahi Moqaddam, chairman of the Special Majles Committee for Economic Transformation, also called on the government to provide the public with further information to prevent psychologically-driven inflation. In an interview to ILNA news agency, the Majles member said that the government can put the public's concerns to rest by explaining the positive consequences of the reform. He noted that the positive consequences outweigh the negative ones, and expressed support for its implementation (ILNA, October 17).



Poster at a bank entrance calling on customers to open accounts for receiving cash benefits

Meanwhile, conservative Majles member Morteza Agha-Tehrani issued a call to fight those who seek, as he put it, to take advantage of the reform to disrupt public order. He noted that while the reform may not necessarily benefit each and every citizen, its overall impact on the public will be positive and it should therefore be supported (Fars, October 17).

Sa'id Laylaz, a major economist affiliated with the reformist opposition, has also expressed support this week for the government-run subsidy policy reform. In an extensive interview given to the pro-government website Raja News, Laylaz said that even if the government is unable to fully implement the reform, it will still contribute to Iran's economy. He praised Ahmadinejad's government for being the first to mobilize broad-based political support for the implementation of the reform, first proposed in the early '90s. He stressed, however, that the government must spend the revenues from the subsidy cuts wisely to increase investments in the development of Iran's economy and national infrastructure. Laylaz also expressed hope that the reform will be used to diminish the public's excessive energy consumption (Raja News, October 17).

Supreme Leader visits center of Iran's religious establishment for the first time in 10 years

This week, for the first time in a decade, Iran's Supreme Leader Ayatollah Ali Khamenei has started his visit to the city of Qom, the heart of the Iranian Shi'ite religious establishment. The visit takes place amidst reports highlighting tensions between Khamenei and religious establishment leaders over his Islamic juridical qualifications and as reformist clerics increasingly challenge his political leadership following the crisis that broke out after the last presidential election.

Early during his visit, the Supreme Leader gave a speech to the numerous citizens who came to welcome him in which he strongly criticized Iran's enemies, saying they sought to

denigrate its citizens' religious faith, the key to Iranian success. He noted that even though the enemies attempted to sever the bond between the Iranian public and the regime, the participation of 40 million Iranians in the last presidential election showed the public's support for the regime and Islam. The enemy's scheme failed, and the riots that broke out after the election made Iran immune to the "social and political microbes" that threatened it. He added that, using the media, Iran's enemies are trying to promote two ideas: Islam without clerics, and separation between religion and politics. Referring to the sanctions imposed on Iran, Khamenei said they are designed to increase pressure on the Iranian people and create a disconnect between the people and the government; however, the citizens know how to handle economic sanctions, which will therefore have no effect on their lives (Fars, October 19).



Qom residents welcoming the Supreme Leader, from Khamenei's official website

This past week, regime supporters have mobilized to emphasize the extensive support—both from the public and from the top clerics—for Khamenei and his leadership. Majles speaker Ali Larijani said on the eve of the visit that there was no "scientific or practical" difference between the religious authority (*Marja'iyat*) and the governmental authority (*Velayat*). His remarks were made on the backdrop of top clerics' claims that Khamenei cannot be recognized as having the religious authority of "source of emulation" (*Marja'-e Taqlid*). In an interview to Mehr news agency, Larijani said that the religious and governmental authorities were inseparable (Mehr, October 17).

Top conservative cleric Ayatollah Naser Makarem Shirazi also commented on the Supreme Leader's visit, saying that Khamenei would receive a warm welcome from the people of Qom. Speaking at a conference of religion students in the city, Makarem Shirazi said that the Supreme Leader's visit was a blessing for the province (Mehr, October 17). Top cleric Ayatollah Nouri Hamadani also called for an enthusiastic welcome for the Supreme Leader. The citizens of Qom must welcome Khamenei not just as an ordinary cleric but also as a ruler and a foundation on which the Islamic regime rests, Hamadani said (Mardom Salari, October 19).

Qom's Friday prayer leader Hojjatoleslam Mohammad Sa'idi went as far as to say that the citizens of Qom considered the Supreme Leader's visit to be a visit from the "Deputy of the Vanished Imam" and would welcome him appropriately. In his Friday sermon, Sa'idi referred to Khamenei as a "source of emulation" and said that he was a symbol of the Islamic world's power (IRNA, October 15).

Iran once again sets conditions ahead of resumption of talks with the West

President Ahmadinejad stated this week that Iran is willing to resume talks on its nuclear program with the G5+1 (United States, Britain, France, Russia, China, and Germany) if they are based on "dignity and justice". That was the president's reply to an announcement made by EU Foreign Minister Catherine Ashton according to which the EU had invited Iran for a three-day round of talks on its nuclear program in mid-November.

In a speech given by the president during a visit he held this week to Ardebil Province in northwest Iran, Ahmadinejad listed four conditions for resuming talks with the West: the West must clarify its position on the international commitments to help Iran's nuclear program in accordance with the Non-Proliferation Treaty (NPT); clarify whether it has friendly or hostile intentions in negotiating with Iran; to say whether it intends to act in accordance with reason and law or follow a policy based on threats; and clarify its position regarding the nuclear weapons held by Israel (ISNA, October 17).

The government daily Iran claimed this week that talks with the West must be held out of a position recognizing Iran's power. An editorial published by the daily said that the West's willingness to resume the talks with Iran stems from its recognition of Iran's increasing power. Iran successfully negotiated the political crisis after the presidential election, made significant achievements on the international scene, and became one of the most important and influential powers on the regional scene, including in Iraq, Afghanistan, Palestine, and Lebanon. Latin America, Africa, the Caucasus, Asia, and even Europe and America currently recognize Iran's soft power in the world.

Following the failure of pressure and sanctions, the West has no choice but to come back to the negotiating table. The daily noted that Iran has already expressed its willingness to hold talks on its nuclear program, claiming, however, that the negotiation plan offered by Foreign Minister Ashton was unacceptable for a number of reasons. First, the EU has yet to address the conditions set forth by President Ahmadinejad for resuming the talks. Second, Iran has already made it clear that it is willing to discuss the technical and legal aspects of its nuclear

activity only with the IAEA. Third, the talks should be held in Turkey instead of Vienna, and must not be limited to three days, as suggested by Ashton. According to the daily, talks simply for the sake of talks are unacceptable. Western countries must learn a lesson from the failure of their talks with Iran so far and understand that they must treat Iran with respect, acknowledge its unique position, and hold talks with the purpose of achieving cooperation with it (Iran, October 17).

The website Iranian Diplomacy, however, issued a warning this week that as more time goes by, the West increasingly finds talks with Iran to be futile. A commentary article published on the website claims that there have been more and more voices in the West calling to adopt a more forceful policy towards Iran, or even to go back to George Bush's strategy of "regime change" in Iran by increasing support for the reformist opposition. If that trend continues and the American administration comes to the conclusion that talks will not lead to an understanding with Iran, the position of those who support a military offensive against Iran will become stronger. The website criticized the Foreign Ministry for being unable to properly communicate Iran's foreign policy, based on self-defense rather than offensive intentions. The failure of Iranian diplomacy fuelled fears about Iran's military intentions and its supposedly imperialistic aspirations. It even prompted the United States to supply advanced weaponry to Arab countries, which may at some point be used against Iran. The internal debate that has been taking place in Iran in the past several months about the place of "Islamic thought" as opposed to "Iranian thought" in the management of Iran's policy also increases Western and Arab concerns over its intentions, the website says (Diplomasi-ye Irani, October 18).

Meanwhile, the conservative news agency Fars has seriously questioned the ability of EU Foreign Minister Catherine Ashton to direct the negotiations with Iran. A commentary article published by the news agency this week claims that unlike her predecessor, Javier Solana, she does not have enough knowledge and experience to direct the negotiations, and is not well-versed in issues pertaining to the talks with Iran. According to the agency, even her colleagues in the West and journalists in Europe criticize her weakness in decision-making and her inability to solve foreign policy-related problems facing the EU (Fars, October 18).

Iran to hold OPEC presidency for first time in 36 years

For the first time in 36 years, Iran will assume the presidency of the Organization of Petroleum Exporting Countries (OPEC). It will hold the presidency for one year starting January 1, 2011. Iran's Oil Minister Mas'ud Mir-Kazemi was unanimously elected as president at a meeting of the 12-member OPEC group in Vienna last Thursday. Iran is the world's second largest petroleum producer after Saudi Arabia.

In an interview to the conservative daily Iran, Iran's OPEC representative Mohammad-Ali Khatibi said this week that the election of Iran as the organization's president after 36 years was proof of Iran's good relations with its neighbors and other OPEC members. He added that being the president of OPEC will give Iran an international status which it can use to express its views and policy (Iran, October 16). In an interview to the economic daily Donya-ye Eqtesad ("World of Economy"), Khatibi commented on the challenges facing Iran in the coming year as president of OPEC. It was his assessment that the global economic instability may affect the demand for oil, and that Iran must closely follow the economic situation and the fluctuations on the oil market to keep oil prices from decreasing. In addition, Iran will need to monitor the continuing changes in the value of the dollar and the euro and their impact on the global oil market.

In an interview given to Donya-ye Eqtesad, the major oil commentator Behrouz Beyk Alizadeh discussed the implications of Iran's election as president of OPEC. He noted that it was a good opportunity for Iran to enjoy an elevated status on the international scene and increase its influence on the oil market, even though it will be unable to impose its views concerning global oil policy on other OPEC members. When asked about the possible implications of Iran's becoming the new president of the organization on oil prices, Alizadeh estimated that unless current conditions on the global oil market change dramatically, next year's oil prices will remain in the 70-80 dollars per barrel range (Donya-ye Eqtesad, October 17).



"Mahmoud's new aura", cartoon by Nikahang Kowsar (Roos Online, October 17)

In an interview to the daily Siasat-e Roos, Majles Energy Committee member Hossein Nejabat defined Iran's election as OPEC president as a major diplomatic victory, saying that Iran must use that victory to return oil to its original owners and so prevent it from being used by the West to exert pressure on Iran. If Iran adopts the right policy and cooperates with the organization members, Nejabat said, it can realize its policy and views during its presidency. Hassan Ghafouri-Fard, also a member of the Energy Committee, noted that Iran must act to increase the unity of OPEC's member countries and strengthen that organization's role in

setting oil prices and managing production to defend the oil producers' interests and improve their status (Siasat-e Rooz, October 17).

The website Iranian Diplomacy also addressed the implications of Iran's election, saying that it may increase its influence on the direction of the global oil market. As Western countries constantly increase their pressure on Iran and attempt to isolate it, the website says, Iran's election as the president of OPEC may increase its involvement in regional and international affairs (Diplomasi-ye Irani, October 16).

“Weight loss challenge”: sixty percent of Iranians are overweight

Health Minister Marziyeh Vahid-Dastjerdi has announced this week that about 60 percent of Iranians are overweight. In an interview given to Mehr news agency on the occasion of Fitness Week, recently marked in Iran, the minister said that about 35 percent of women and some 15 percent of men are morbidly obese.

Vahid-Dastjerdi also noted that only 20 percent of Iranians engage in regular exercise. Eleven percent suffer from diabetes, and 12 percent are at risk of diabetes due to obesity. The minister suggested that Iranians walk for at least half an hour a day to cut the risk of heart disease by half (Mehr, October 17).



Iran's Chief of Staff General Hassan Firouzabadi

Pictures of the week: Venezuela's President Hugo Chavez and Iraq's PM Nouri al-Maliki visit Tehran

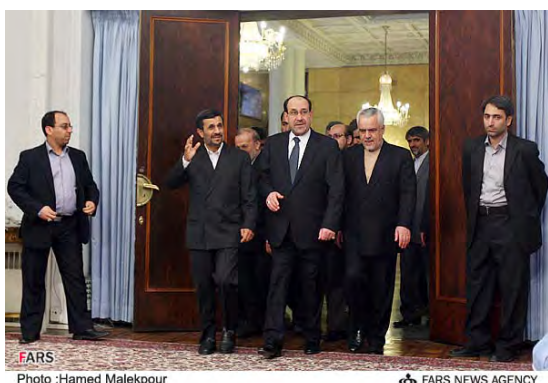


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