

Why Iran Won't be Broken

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So what's goin' on in Iran? How did the Islamic Republic really respond to Covid-19? How is it coping with Washington's relentless "maximum pressure"?

These questions were the subject of a long phone call I placed to **Prof. Mohammad Marandi** of the University of Tehran – one of Iran's premier, globally recognized analysts.

As Marandi explains,

"Iran after the revolution was all about social justice. It set up a very elaborate health care network, similar to Cuba's, but with more funding. A large hospital network. When the coronavirus hit, the US was even preventing Iran to get test kits. Yet the system – not the private sector – managed. There was no full shutdown. Everything was under control. The numbers – even contested by the West – they do hold. Iran is now producing everything it needs, tests, face masks. None of the hospitals are full."

Expanding Marandi's observations, Tehran-based journalist Alireza Hashemi notes, "Iran's wide primary healthcare system, comprising public clinics, health houses and health centers is available in thousands of cities and villages", and that enabled the government to "easily offer basic services".

As Hashemi details,

"the Health Ministry established a Covid-19 call center and also distributed protective equipment supplied by relief providers. **Supreme Leader Ayatollah Khamenei** ordered the armed forces to help – with the government deploying 300,000 soldiers and volunteers to disinfect streets and public places, distribute sanitizers and masks and conduct tests."

It was the Iranian military that established production lines for producing face masks and other equipment. According to Hashemi,

"some NGOs partnered with Tehran's chamber of commerce to create a campaign called Nafas ("breath") to supply medical goods and provide clinical services. Iran's Farabourse, an over-the-counter stock market in Tehran, established a crowd funding campaign to purchase medical devices and products to help health workers. Hundreds of volunteer groups – called "jihadi" – started producing personal protective equipment that had been in short

supply in seminaries, mosques and hussainiyas and even natural fruit juices for health workers."

This sense of social solidarity is extremely powerful in Shi'ite culture. Hashemi notes that "the government loosened health-related restrictions over a month ago and we have been experiencing a small slice of normality in recent weeks." Yet the fight is not over. As in the West, there are fears of a covid-19 second wave.

Marandi stresses the economy, predictably, was hurt:

"But because of the sanctions, most of the hurt had already happened. The economy is now running without oil revenue. In Tehran, you don't even notice it. It's nothing compared to Saudi Arabia, Iraq, Turkey or the UAE. Workers from Pakistan and India are leaving the Persian Gulf in droves. Dubai is dead. So, in comparison, Iran did better in dealing with the virus. Moreover, harvests last year and this year have been positive. We are more self-reliant."

Hashemi adds a very important factor:

"The Covid-19 crisis was so massive that people themselves have pitched in with effort, revealing new levels of solidarity. Individuals, civil society groups and others have set up a range of initiatives seeking to help the government and health workers on the front line of countering the pandemic."

What a relentless Western disinformation campaign always ignores is how Iran after the revolution is used to extremely critical situations, starting with the eight-year-long Iran-Iraq war in the 1980s. Marandi and Hashemi are adamant: for older Iranians, the current economic crisis pales in comparison with what they had to put up with throughout the 1980s.

Made in Iran soars

Marandi's analysis ties up the economic data. In early June, **Mohammad Bagher Nobakht** – responsible for planning Iran's state budgets – told the Majlis (Parliament) that the new normal was "to sideline oil in the economy and run the country's programs without oil."

Nobakht stuck to the numbers. Iran had earned just \$8.9 billion from the sale of oil and related products in 2019-20, down from a peak of \$119 billion less than a decade ago.

The whole Iranian economy is <u>in transition</u>. What's particularly interesting is the boom in manufacturing – with companies focusing way beyond Iran's large domestic market towards exports. They are turning the massive devaluation of the rial to their advantage.

In 2019-20, Iran's <u>non-oil exports</u> reached \$41.3 billion. That exceeded oil exports for the first time in Iran's post-revolutionary history. And roughly half of these non-oil exports were <u>manufactured goods</u>. Team Trump's "maximum pressure" via sanctions may have led to total non-oil exports going down – but only by 7%. The total remains near historic highs.

According to Purchasing Managers' Index (PMI) data <u>published</u> by the Iran Chamber of Commerce, private sector manufacturers were seriously back in business already in the first

month following the relaxation of the partial lockdown.

The fact is Iranian consumer goods and industrial products – everything from cookies to stainless steel – are exported by small and medium enterprises to the wider Middle East and also to Central Asia, China and Russia. The myth of Iranian "isolation" is, well, a myth.

Some new manufacturing clusters bode well for the future. Take titanium – essential for myriad applications in military, aerospace, marine industries and industrial processes. The <u>Qara-Aghaj</u> mine in Urmia, the provincial capital of West Azarbaijan, which is part of Iran's mineral belt, including the country's largest gold reserves, has tremendous potential.

Iran features in the Top 15 of mineral-rich countries. In January, after getting the technology for deep-level mining, Tehran launched a pilot project for extraction of rare earth minerals.

Still, Washington pressure remains as relentless as the Terminator.

In January, the White House issued yet another <u>executive order</u> targeting the "construction, mining, manufacturing, or textiles sectors of the Iranian economy." So Team Trump is targeting exactly the booming private sector – which means, in practice, countless Iranian blue-collar workers and their families. This has nothing to do with forcing the Rouhani administration to say, "I can't breathe".

The Venezuelan front

Apart from a few scuffles between the Islamic Revolutionary Guards Corps (IRGC) and the Health Ministry about China's response to Covid-19, the Iran-China "comprehensive strategic partnership" (CSP) remains on track.

The next big test is actually in September. That's when Team Trump wants to <u>extend</u> the UN arms embargo on Iran. Add to it the threat to trigger the snapback mechanism inbuilt in UNSC resolution 2231 – if other Security Council members refuse to support Washington and let the embargo expire for good in October.

China's mission at the UN has<u>stressed</u> the obvious. The Trump administration unilaterally abandoned the JCPOA. Then it reimposed unilateral sanctions. Thus it has no right to extend the arms embargo or go for the snapback mechanism against Iran.

China, Russia and Iran are the three key nodes of Eurasia integration. Politically and diplomatically, their key decisions tend to be taken in concert. So it's no wonder that was reiterated last week in Moscow at the meeting of **Foreign Ministers Sergey Lavrov and Javad Zarif** – who get along famously.

Lavrov <u>said</u>,

"We will be doing everything so that no one can destroy these agreements. Washington has no right to punish Iran."

Zarif for his part described the whole juncture as "very dangerous".

Additional conversations with Iranian analysts reveal how they interpret the regional geopolitical chessboard, calibrating the importance of the axis of resistance (Tehran,

Baghdad, Damascus, Hezbollah) in comparison with two other fronts: the US and its "stooges" (the House of Saud, UAE, Egypt), the master – Israel – and also Turkey and Qatar, which, like Iran, but unlike the "stooges", favor political Islam (but of the Sunni variety, that is, the Moslem Brotherhood).

One of these analysts, pen name Blake Archer Williams, significantly remarks,

"the main reason Russia holds back from helping Iran (mutual trade is almost at zero) is that it fears Iran. If Trump does not have a Reagan moment and does not prevail on Iran, and the US is in any event driven out of the Middle East by the continuing process of Iran's weapons parity and its ability to project power in its own pond, then all of the oil of the Middle East, from the UAE, Qatar, Kuwait and Bahrain, to Iraq, of course, and not least to the oilfields in Saudi Arabia's Qatif region (where all the oil is and is 100% Shi'ite), will come under the umbrella of the axis of resistance."

Still, Russia-China continue to back Iran on all fronts, for instance rebuking the International Atomic Energy Agency (IAEA) for giving in to US "bullying" – as the IAEA's board last week passed a resolution submitted by France, Britain and Germany criticizing Iran for the first time since 2012.

Another key foreign policy front is Venezuela. Tehran's soft power, in quite a spectacular manner keenly observed all across the Global South, de facto ridiculed Washington's sanctions/blockade in its own Monroe Doctrine "backyard", when five Iranian tankers loaded with gasoline successfully crossed the Atlantic and were received by a Venezuelan military escort of jets, helicopters, and naval patrols.

That was in fact a <u>test run</u>. The Oil Ministry in Tehran is already planning a round two of deliveries to Caracas, sending two or three cargos full of gasoline a month. That will also help Iran to offload its huge domestically produced fuel.

The historic initial shipment was characterized by both sides as part of a scientific and industrial cooperation, side by side with a "solidarity action".

And then, this past week, I finally confirmed it. The order came directly from Supreme Leader Ayatollah Khamenei. In his own words: "The blockade must be broken". The rest is – Global South – history in the making.

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