



Week at a Glance

Week ending 2 February 2003

Oil Related Issues

<i>Majles pushes for more authority over buy-backs</i>	The government and the MoP reportedly rejected a new proposal by the Majles Energy Commission for a more effective supervision of the parliament on the buy-back contracts signed with foreign companies.
<i>Iranian Minister in Qatar for GECF</i>	Petroleum Minister Zanganeh, is traveling to Doha, Qatar, to attend the third ministerial meeting of Gas Exporting Countries' Forum (GECF) on 4 February.
<i>Espiari speaks about south</i>	NISOC MD Espiari describing the 25-year achievements of his company said that around 3,600 kilometers of pipelines had been laid out in the southern regions of Iran for transfer of oil and gas.
<i>Parliament commission approves energy budget</i>	A special Majles commission that reviews the budget bill approved all the notes and articles of the energy section of the bill without making any changes in the government's original draft. Among the articles is a development concession to be given to the companies which would risk carrying out exploration operation in central and border areas of the country.
<i>Iran, Romania sign gas export memorandum</i>	Romanian Industry and Resources Minister Dan Ioan Popescu and Iranian Petroleum Minister Zanganeh signed a memorandum on 26 January agreeing to study plans to export Iranian gas to Bucharest.
<i>Amak project to launch this year</i>	Phase 1 of collection of associate gases in southern oil fields of Ahwaz, Marun, Mansuri, Ab-Teimour and Koupal (AMAK) will launch in September 2003.
<i>Iran plans \$1.5b GTL plant</i>	A new gas to liquids (GTL) project estimated to cost \$1.5 billion will be set up in Iran by 2006, director of planning and development of NPC, Peyvandi Sani, said.
<i>Caspian rig to be completed in mid-2004</i>	Caspian Exploration and Production Company (CEPCO) MD Dana said on 29 January that the construction of Caspian submersible rig was 30% complete and would be finished by mid-2004.
<i>Iran's gas production rises by 11%</i>	Iran's gas production in the first 9 months of the current year (March 2002-March 2003) rose by 11%, reaching 53.6 billion cubic meters (bcm), compared with last year's 48.3 bcm.
<i>Tehran, Abadan lubricants to be privatized</i>	Lubricant production units in Tehran and Abadan refineries will be ceded to private sector in a near future.
<i>NITC fleet capacity to increase by 6 million tons</i>	The NITC has ordered 30 tankers to be built following the plans to improve its marine fleet, and to increase its transportation capacity. Once constructed the tankers will improve the capacity of the fleet to 6 million tons.

Foreign Affairs

<p>Iran-US</p> <p><i>Ups and downs in anti-Iran, anti-US rhetoric</i></p> <p><i>State of the Union speech, softened on Iran</i></p> <p><i>... but still angered both reformists and hardliners in Tehran</i></p> <p><i>Iran won't talk to Americans at NATO conference</i></p> <p><i>Iran regretted the death of US astronauts</i></p>	<p>President Bush's latest State of the Union address contained a slightly softened tone on the Islamic Republic, in comparison with last year, when Iran was lumped together with Iraq and North Korea as part of an "axis of evil." This year, the President started by declaring, "different threats require different strategies," indicating that Iraq will not serve as a model for North Korea or Iran." This also appeases Tehran that it will not be target for military action after Iraq. Nevertheless, Washington keeps accusing Tehran over its nuclear aspirations.</p> <p>President Bush in his speech on 28 January said that Iran continued to represses its people, pursued weapons of mass destruction and supported terror. He reaffirmed that the US would support Iranian nation's aspirations to live in freedom, in a continuation of his administration's "extend a friendly hand to the Iranian people" policy.</p> <p>FM Kharrazi rejected allegations on Iran's seeking WMD. He in turn accused the US President of interference in Iran's domestic affairs. Majles Speaker Karrubi too said: "Any Iranian who believes US President Bush's contention supports them, is "corrupt." Also Ayatollah Yazdi, member of hardline-dominated Guardian Council, stormed at what he called "arrogant remarks" of the US president.</p> <p>An informed foreign ministry official on 1 February ruled out any meeting between Iranian and American delegations during the NATO security policy conference in Munich, Germany, 7-9 February. Earlier, rumors talked of possible meeting between FM Kharrazi and US Defense Secretary Rumsfeld.</p> <p>The Iranian Foreign Ministry expressed regret on 2 February for the death of six US astronauts in the space shuttle disaster, saying politics should not get in the way of humanitarianism, but it made no mention of an Israeli who also died.</p>
<p>Iraqi Conflict</p> <p><i>Opposition leaders in Tehran again</i></p> <p><i>... on the way to Iraq's Kurdistan</i></p> <p><i>...while Iranian factions</i></p>	<p>Number of leading Iraqi opposition figures held a 'secret' meeting in Tehran last week. While Iran still insists on its 'active neutrality,' Tehran's growing interaction with the Iraqi opposition shows the policy has turned too "active" to remain "neutral." (See Political Note)</p> <p>Ahmad Chalabi of Iraqi National Congress (INC) and some former senior military officials arrived in Tehran last week [No exact dates given] to meet with Ayatollah Hakim, head of Supreme Council of Islamic Revolution in Iraq (SCIRI), the Iran-backed Shiite opposition group, as well as some Iranian officials from the Revolutionary Guards and intelligence ministry.</p> <p>The Iraqi opposition leaders said they were also coordinating to gain safe passage through Iran to Iraqi Kurdistan for all members of a 65-strong committee (selected at London Conference) for a summit scheduled in February. The gathering is supposed to map out a post-Saddam administration for Iraq.</p> <p>Meanwhile, the internal debate in Tehran over the wisdom of having</p>

<p>remain divided over Iraq</p> <p>... but not the US</p> <p>... whose agents are in Iraqi Kurdistan now, close to Iranian border</p> <p>...while Iran again asks Baghdad to comply with UN resolutions</p>	<p>any contacts with Saddam's regime continues. Fayyaz, member of the reformist Hambastegi Party, said Iran should not tag along with Iraq, for days of Saddam's life are counted, "rather, taking advantage of skilled diplomats, Iran should start talking to Americans." Moderate Conservative Taha Hashemi, on the other hand, stated: "We should escalate the level of our talks, both with Iraq and the US."</p> <p>Interestingly, political figures from both camps underline the importance of holding talks with the US over the Iraqi conflict.</p> <p>As debates on talks with Baghdad and Washington continue in Tehran, the US General Richard Myers, Chairman of the US Joint Chiefs of Staff, on 29 January at Pentagon, confirmed the presence of some American military forces operating in northern Iraq [near Iranian borders]. "Over the past several weeks, Special Operations Forces have entered the Kurdish areas of northern Iraq to work with teams of Central Intelligence Agency operatives who are organizing Kurdish opposition groups," he said.</p> <p>Foreign Ministry Spokesman Asefi on 28 January called on Baghdad regime to show its good intentions and cooperate with the UN inspectors in order to avoid giving the US any pretext for attacking Iraq. He also expressed the hope that UN weapons inspectors would be given more time to complete their inspections to determine if Iraq has weapons of mass destruction.</p>
<p>MKO, increasingly engaged with Saddam</p> <p>Some members plan to flee</p> <p>...but are blocked to do so</p> <p>...and face same fate as that of Iraq's leader</p>	<p>Recently, Mujahedin Khalq Organization (MKO, Iraq-based Iranian opposition group) is increasingly becoming engaged in the possible war in Iraq. Members of the organization, which actually functions as Saddam's trusted security apparatus, have been assigned positions in northern and southern Iraq to confront opposition forces or US troops.</p> <p>Fearing their days are numbered, members of MKO reportedly tried to leave the organization and Iraq both, due to disagreement on MKO's possible involvement in the war.</p> <p>But the members were blocked from leaving Iraq while heading for Jordan, and Iraqi officials have decisively stated that would not allow any member of the organization to leave the country.</p> <p>This lowers chances of MKO surviving the conflict in Iraq and attaches the organization's destiny to that of Saddam Hussein.</p>
<p>Iran and EU continue to exchange visits</p> <p>... with Kharrazi in Oslo</p> <p>... and Patten in Tehran</p> <p>... to discuss number of important issues</p>	<p>Iran and EU continue to exchange visits, which are destined for expansion of ties between the two sides. Also, the issue of Iraqi conflict is discussed at the meetings.</p> <p>FM Kharrazi was in Oslo, Norway, on 30 January holding talks with his counterpart FM Petersen and Prime Minister Bondevik.</p> <p>The EU Commissioner for External Relations Patten is scheduled for a high-profile visit to Iran on 3 February to discuss bilateral Iran-EU ties and regional developments.</p> <p>During his 3-day visit Patten will meet President Khatami, FM Kharrazi as well as other senior members of the government, for</p>

	discussions, which include Iraq, Afghanistan and Israeli-Palestinian conflict.
<p>Middle East Crisis</p> <p><i>Iran will not oppose dual-state solution for Israeli-Palestinian conflict</i></p> <p><i>...under a democratic process</i></p>	<p>Israel has geared up to introduce Iran as a threat, and the case of 1994 explosion of the Jewish center in Argentina is revived. Tehran at the same time emphasizes on its acceptance of dual states in the occupied lands.</p> <p>Kharrazi said on 30 January in Oslo, that Iran will not oppose the establishment of two states in Palestinian territories, if the Palestinians themselves accept that solution. He said Iran favors the establishment of an independent Palestinian state and the one-state solution.</p> <p>"We believe that once the Palestinian refugees have returned home, all the citizens of the Palestinian state, including Christians, Muslims and Jews, elect a government through a democratic process," Kharrazi said. His statement is a reiteration of a policy statement by the Supreme Leader dating back to 2001, which calls for a referendum of all the people of Palestine, including the Diaspora, and the acceptance of the results of that process.</p>
<p>Iran-Egypt</p> <p><i>Cairo not to restore ties with Tehran</i></p> <p><i>...not that Tehran cares</i></p>	<p>Egypt will not restore normal relations with Iran for as long as it harbors "terrorists." President Hosni Mubarak said in an interview on 28 January. "How can we establish normal relations when they name a Tehran street after the assassin of (former Egyptian president Anwar) Sadat and shelter Egyptian terrorists," he added.</p> <p>In response, FM Kharrazi on 29 January claimed Tehran-Cairo ties were not high on his ministry's agenda. "The Egyptians know what they have to do for this question to be put on the agenda," he said.</p> <p>Mubarak's comments follow rumors that the Arab block is concerned about Iran's increasing involvement in the conflict over Iraq.</p>
<p>Iran-UK</p> <p><i>Kharrazi to meet Blair</i></p> <p><i>...while new British Ambassador takes office</i></p>	<p>FM Kharrazi is due to meet his British counterpart, Jack Straw, in London on 5 February. Also, Prime Minister Blair decided he would set aside 30 minutes in his diary that day to meet Kharrazi to discuss the conflict over Iraq.</p> <p>Meantime, Richard Dalton, new British Ambassador to Tehran, presented his credentials on 30 January to President Khatami. During the meeting both sides underlined the importance of bilateral ties.</p>

Domestic Issues

<p><i>Dissident cleric released from 5-year house arrest</i></p> <p><i>...continues to criticize the hardliners</i></p>	<p>Dissident cleric Grand Ayatollah Montazeri, has been very active giving interviews to foreign and domestic journalists meeting dozens of reformist parliamentarians and student activists, since 29 January, when he was released from a 5-year house arrest.</p> <p>The outspoken 81-year-old clergy wasted no time criticizing the Islamic Republic to the extent that he compared it with the former regime saying Iran remains a dictatorship. Montazeri, who was once successor-in-waiting to Late Ayatollah Khomeini, also condemned</p>
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<p>...making them worried about his activities</p> <p>His activities suggest he could be in better health than earlier reported</p> <p>...which might be in favor of reformists</p> <p>...but may strengthen Iran's position as Shiite leader</p>	<p>political trials as being against Islamic law, and called for revision of the country's hardline Judiciary. He further called on President Khatami to change his style and fulfill his promises to reform the system.</p> <p>His release which was welcomed by the United States, has raised the concern of a group of rightist seminary clerics who urged the Supreme National Security Council to guarantee that Montazeri's home "will not be turned into a base for liberals, hypocrites and opponents and a stronghold against the Islamic establishment."</p> <p>Analysts have different opinions about the reasons behind the release of the Grand Ayatollah and the possible outcomes. While the original press reports made it sound as if Montazeri was breathing his last breaths, and the regime did not want to risk social protests if he died under house arrest, the string of meetings and political speeches suggest the reports on his state of health were exaggerated. There must have been other considerations explaining his release at this date.</p> <p>From domestic point of view, some attach great importance to the incident believing that his return to the political scene may tip the balance of the domestic equation in favor of the reform camp. In that light, it is possible that Montazeri's release was part of a factional deal and in line with the centrist figures' attempt towards a "centrist truce."</p> <p>There could be alternative, or additional, considerations at play too. The Islamic Republic is surely worried about the reemergence of Iraq (i.e., the Najaf Seminaries) as the center of Shiite learning. Meanwhile, there are dispersed reports that the senior clerics in Qom were losing popularity among the Iraqi Shiites. As such, the Iranian regime needed to have its most respected and highest ranking cleric back on the religious scene. This theory also explains why so many figures from the conservative camp expressed strong support for the lifting of Montazeri's house arrest.</p>
<p>Latest on twin bills</p> <p>Majles votes to limit GC powers</p> <p>Khatami advised to quit if bills are rejected</p>	<p>After months of delay in Khatami's controversial twin bills, the Parliament finally on 27 January voted in favor of Article 1 of the new election bill, which would strip the Guardian Council of its vetting power in selecting electoral candidates. However, it seems very unlikely that the GC would approve of such a bill and sign it into law.</p> <p>Moreover, a prominent reformist theoretician advised President Khatami to resign in case his bills are rejected. "Rejection of the bills means that the president lacks the possibility to fulfill his duties, which have explicitly been spelled out in the Constitution...and had better quit," said Mohsen Kadivar, referring to the twin bills which Khatami presented to Majles in August in order to expand his presidential power and amend the election law.</p>
<p>FMI leader asks to be executed</p>	<p>A senior leader of the banned Freedom Movement of Iran (FMI) asked to be executed if he was a true threat to the Islamic Republic. The 77-year-old Ezzatollah Sahabi accused the security forces of harassing him since he was freed last March after being 15 months</p>

<p>...due to the pressures of security forces</p> <p>Khatami and Karrubi to follow up his letter</p>	<p>in prison on charges of plotting to overthrow the Islamic regime. Sahabi demanded the heads of three branches of power to prevent the security forces from questioning and tormenting him in the same as they did when he was held in detention.</p> <p>"I am ready to go to prison ... but I am sure even in prison I would not be able to escape these men. I ask to be executed," Sahabi wrote in his letter. He also said that during his imprisonment he faced such pressure that he "was ready to sign whatever statements" his guards put in front of him.</p> <p>In response, President Khatami and Parliament Speaker Karrubi have vowed to follow up his letter, though according to Karrubi, "the responsibility lies on the shoulders of the Judiciary Chief Shahrudi." On a similar note, Vice-President for Legal and Parliamentary Affairs Abtahi said that "if the contents of Sahabi's letter are really true, the issue will be a tragedy."</p>
<p>Supreme Court commuted death penalty of secret agents</p>	<p>The Supreme Court commuted the death sentences of at least two former secret agents, who were found guilty of the murders of four dissidents in 1998, to life imprisonment. The court ruling was issued on the grounds that the family members of the slain couple, Dariush and Parvaneh Forouhar, had forgiven the murderers. This is while the daughter of the victims rejected the claims and protested the new court ruling.</p>
<p>Pollsters sentenced to jail</p>	<p>The court sentenced the pollsters, Abdi and Qazian, to 7 and 8 years of imprisonment respectively over publication of a controversial survey on Iran-US relations. No ruling has been yet issued regarding Geranpayeh, the other pollster, who has been freed on bail.</p>
<p>IIPF member to spend 6 months in prison</p>	<p>An appeal court in Hamedan commuted the jail term of the Head of the Islamic Iran Participation Front (IIPF) in that province to 6 months, from the initial sentence of 30 month imprisonment and 74 lashes.</p>
<p>Latest on the upcoming elections</p> <p>...the emergence of new lines demarcating the political divide</p> <p>There is talk of holding concurrent presidential, Majles and AoE elections</p> <p>... while the technocratic party within the reform camp hopeful of grabbing the next presidency</p>	<p>Majles Speaker Karrubi recently urged the 18 groups that comprise the reform camp to keep their unity in order to present a joint list of candidates. However, it increasingly appears that the lines in the sands of Iran's national politics are being redrawn.</p> <p>Rumor has it that some independent deputies, together with some moderate MPs from both reformist and conservative camps are trying to form a new faction to be called "third current" or "faction of independent MPs".</p> <p>It is also said that the heads of three branches of power considered a proposal regarding concurrent elections for presidency, parliament and the Assembly of Experts.</p> <p>A four-member council of the right-of-center Executives of Construction Party (which is part of the reform camp, but considering spinning off) has reportedly reached an agreement over a plan for early elections. The plan apparently also aims at further deflating and isolating the "radical reformists," from power in natural way. According to <i>Baztab</i> electronic newspaper, the scenario suggests that the next president would be elected from among the moderate reformist figures.</p>
<p>Former PM absent in EC</p>	<p>Expediency Council (EC) Secretary Rezaie confirmed reports that</p>

sessions	the former PM Mir-Hossein Mousavi, a leftist politician, has not been attending the sessions of the council for the past few months. The EC will decide on the issue after hearing Mousavi's comments in that regard.
Temporary ban on Hamshahri lifted	The temporary 10-day ban on the popular daily Hamshahri was lifted once the plaintiff withdrew his suit. After his formal response was published in the daily Iran, secretary general of Labor House, Alireza Mahjub, dropped his complaint.

Economy

Majles approves outlines of state budget bill	Majles on 28 January unanimously approved the general outlines of the state budget bill for the next Iranian year of 1382 (starting 21 March 2003). The \$107 billion budget bill will be examined by the Guardian Council for final approval.
Merger of 3 major foundations	Supreme Leader has agreed with a proposal of President Khatami for merger of Mostazafan & Janbazan Foundation (MJF), Martyr's Foundation and the Headquarters for Former POWs. The merger will happen on the condition that the newly formed body remains a foundation, meaning that it should be under direct supervision of the leadership.
CBI on trade balance	According to CBI, Iran's trade balance for the next Iranian year (March 2003- March 2004) will diminish by \$2,145 million compared to the figures for the current year. This is while the Petroleum Ministry claims that the CBI is "overly optimistic" in its forecasted oil prices, and that the trade balance will be greater than its predictions.
Majles forecasts 21.7 % inflation next year	In a report released by Majles Research Center, an inflation rate of 21.7% in the next Iranian year of 1382 (starting 21 March 2003) was predicted which varies with the Central Bank of Iran's (CBI) forecast of 15.4 % inflation rate.
TSE to be shut down in case of US attack	Tehran's Stock Exchange (TSE) Chief Executive Ahmad Mirmotahari announced that TSE will be shut down for as many days as necessary in case of a US-led attack on neighboring Iraq, to minimize the possible negative impact.