

PETROLEUM IN IRAN 2002

1. OIL TAKEOVER STILL REVERBERATES IN IRAN. AS WESTERN COMPANIES JOCKEY TO RE-ENTER IRAN

Half a century ago, Iran nationalised its oil industry and expelled the British workers of the Anglo-Iranian Oil Company, defining moments in the long power struggle between nationalists, monarchists and clerics.

For the world's oil giants now negotiating their return to Iran, the painful lesson of 1951 is a reminder of the nationalist-driven suspicion that still surrounds their presence and seems to be holding up big contracts.

Iran marked the 50th anniversary yesterday with a public holiday, as it has each year since the 1979 Islamic revolution. But it appeared an occasion the conservative clerical establishment would prefer to consign to history.

Over the past week the hardline-controlled judiciary has cracked down on Iran's "religious-nationalists", activists who trace their political heritage to Mohammad Mossadeq, the hero of oil nationalisation.

Ali Akbar Moinefar, Iran's first oil minister after the revolution who is closely associated with the religious-nationalists, sees the arrests as part of a campaign by the conservatives to undermine the pro-reform movement of President Mohammad Khatami ahead of the June 8 presidential election.

Reformists say the arrests have again put Mr Khatami in a difficult position. Either he can remain silent, as he has done so far, and risk losing supporters critical of his inaction, or he can oppose the arrests and risk confrontation with his powerful opponents.

Mr Moinefar, who is 72, denounced the arrests, noting that some of those imprisoned spent years in jail under the shah, and played important roles in the revolution. He fears "confessions" of a plot to overthrow the regime are being extorted from the prisoners.

This new development in the anti-reform backlash is believed to have the support of Ayatollah Ali Khamenei, Iran's supreme leader. In a speech last month, he attacked the "enemies" of the Islamic Republic, a reference to the US and Israel and groups they support. But he also targeted those who sought the "legal toppling" of the system, words the judiciary seems to have taken as the green light for its latest moves.

Doran-e-Emruz, one of four dailies that survived a crackdown on the pro-reform media, ran an outspoken editorial on Sunday that shocked even its most enthusiastic readers.

The newspaper drew a comparison between the current campaign against nationalists and the struggle between the shah and Mr Mossadeq that led to his overthrow in a coup backed by the US and Britain in 1953.

"It's an important lesson for all political forces today," the newspaper said. "The defeat of the nationalist movement (in 1953) was apparently a victory for the monarchy, but it destroyed the chance of reforming the monarchist system within public opinion, and this made the revolution and the overthrow of the monarchy legitimate."

The daily also ran two pages of interviews with religious-nationalists. One commentator lauded Mr Mossadeq and criticised those who wanted to erase that period from the nation's historical memory. For the judiciary it was too much. Doran-e-Emruz had crossed Iran's "red lines" - issues that should remain unspoken and it was closed later that day, along with three pro-reform periodicals.

How much public support the religious-nationalists enjoy is not clear. Most of their candidates for parliamentary elections a year ago were barred from running by the conservative-dominated Council of Guardians. But a few slipped through and made it into the Majlis. The nationalists, who support a religious state but dispute the absolute power of the clergy, claim a large following among the middle class, intellectuals and students.

Conservative commentators fear this "third current" has infiltrated Mr Khatami's administration. The prevailing political uncertainty has spilled over into the world of oil. Parliament, dominated by reformists since last year, has questioned contracts signed since 1995 with western oil companies.

Delegates have demanded that the terms of the "buy-backs", where developers are paid in oil, be made public, while hinting at corruption.

Such pressures have apparently held up the signing of contracts. As a result, Iran, with its ageing oil fields, risks missing its ambitious production targets.

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