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**The Anniversary of the Nuclear Agreement
and Iran's Internal Political Conflict**

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The first anniversary of the implementation of the Joint Comprehensive Plan of Action (JCPOA) has reignited the internal conflict between supporters of President Rouhani and his hardline opponents. While the President and his supporters have celebrated the nuclear agreement and its contribution to Iran's improved economic situation, his opponents argue that not only has Iran not derived any benefit from the agreement, but its economic situation has actually worsened over the past year.

At a press conference on January 17, 2017, Rouhani reviewed the agreement's achievements, led by a steep rise in oil exports and the opening of the Iranian economy to foreign investments. He portrayed the JCPOA as a victory by the Iranian people, and claimed that Iran's economic situation would have been substantially worse without the agreement. Declaring that Iran's growth rate over the past year – over 7 percent – was unprecedented – Rouhani argued that a solution to the unemployment crisis, particularly among young people, depended on foreign investments. He emphasized that all the sanctions involving the nuclear program were removed following the agreement and that the existing banking problems were unrelated to the JCPOA. Furthermore, the President called on the opponents of the agreement to stop using it as a ploy to censure the government, because the agreement involved the entire Iranian people, not just the government. He ridiculed his critics, and charged that anyone unable to see the positive results of the agreement should wear glasses. Challenging his critics, he demanded that those who criticize the agreement should tell the people what would have happened without it.

Likewise in mid-January, Iranian Deputy Foreign Minister and head of Iran's nuclear negotiating team Abbas Araghchi held a special press conference and listed the achievements of the agreement, citing three main economic sectors: energy, transportation, and banking. He noted that in the energy sector, all sanctions against Iran had been removed, and with an increase in oil exports to 2.5 million barrels a day the situation in effect was restored to its pre-sanctions state. In the transportation sector, all the restrictions on the movement of Iranian shipping had

been removed, and significant progress was also evident in aviation, as seen by the implementation of the transaction with Airbus. Araghchi admitted that Iran still had problems in banking, but claimed these were not related to the nuclear agreement. Rather, he contended, they were the result of American sanctions imposed on Iran following the 1979 Islamic Revolution and the stringent international financial regulations on money laundering and financing of terrorism. He stated that some of the problems were solved in recent months, after the Central Bank of Iran created alternative banking channels designed to bypass the restrictions on the use of dollars in transactions with foreign companies. Araghchi also referred to Iran's improved international standing, and noted that while before the JCPOA was signed Iran was portrayed as a threat to the world's peace and security, it was now recognized by the international community as a legitimate and powerful actor in both the regional and global theaters.

The President's opponents, who from the outset objected to the JCPOA, took advantage of the anniversary of the agreement's implementation to attack the government again. They repeated their assertion that the government's conciliatory policy had led to a submissive agreement in which Iran was forced to agree to painful concessions without receiving anything in return. In op-ed pieces published in the press identified with the radical right, the government's critics argued that the economic data clearly indicated that Iran's economic situation had worsened over the past year. Inter alia, they referred to the sharp decline in the value of the Iranian rial in recent months; the ongoing rise in the prices of basic goods, despite the government's claims that inflation had been reduced dramatically to single digits; and an increase in unemployment. They claimed that while many European trade delegations visited Iran over the past year, these visits yielded few transactions and have not relieved the economic distress of the Iranian people, above all, the rising unemployment.

Rouhani's opponents mocked the President's remarks of the past years that the centrifuges in the nuclear installations should spin, but so should the Iranian economy and the lives of its citizens. They asserted that while the centrifuges had indeed stopped spinning following the nuclear agreement, the economy too was dormant. A commentary published by the conservative daily *Kayhan* stated that the assertion by Deputy Foreign Minister Araghchi that the goals of the nuclear agreement had been achieved except for the removal of banking sanctions was like a sick person being told he was healthy, except that his heart had stopped beating. The editor of the newspaper, Hossein Shariatmadari, harshly attacked the President, claiming that not only had the nuclear agreement produced no achievements for Iran, but it had caused the people and the regime severe damage, some of it irreversible. The President, he wrote, should apologize to his people and resume the "resistance economy" declared by the

Supreme Leader, which centers on self-reliance and reduced Iranian dependence on foreign elements.

Even the arrival of the first Airbus plane in Iran in the framework of the transaction with France for the purchase of about 100 airplanes sparked an acrimonious dispute. Senior Iranian government officials stressed the importance of the deal, and portrayed it as an expression of confidence in the Iranian economy on the part of major European companies. They insisted that the transaction proved that European companies were interested in maintaining commercial ties with Iran, despite pressure by the United States not to do so, and argued that the deal would encourage additional foreign investors to sign transactions with Iran. The opponents, on the other hand, attacked the government for signing the transaction, portraying the ostentatious ceremony celebrating the arrival of the first airplane as a national humiliation designed to promote the President's political needs. They claimed that the transaction had saved the French company from economic collapse, and had contributed nothing to Iran's economic situation. Rather, it enabled the foreign airline to create thousands of new jobs for its employees in Europe at a time when factories in Iran were idle and young Iranians were hungry for new jobs.

Turning the anniversary of the implementation of the nuclear agreement into an issue for political sniping by supporters and opponents of the President is another reflection of the escalating conflict between the two main political camps in Iran ahead of the presidential elections scheduled for May 2017. While President Rouhani is preparing to run for another term in office, his opponents are taking advantage of any opportunity to attack him for his failures to keep his promises to the public, headed by his promise to improve Iran's economy. The President's political rivals exploit the ongoing difficult economic situation in Iran, despite the removal of sanctions, resulting from low oil prices, structural problems in the economy, and hesitation among banks and companies in the West about resuming business with Iran, mainly due to concern about the United States response.

At this stage, and despite this criticism, Rouhani's chances of winning a second term appear quite good, in part due to the failure of the opposing camp thus far to put up an alternative candidate with public stature against him. The recent death of former President Akbar Hashemi Rafsanjani is a loss for Rouhani, as Rafsanjani was a political patron who provided him with significant crucial backing in recent years. Nonetheless, it appears that Rouhani still enjoys widespread public support. Moreover, Rafsanjani's death is likely to strengthen the support of the reform camp for the incumbent, given their fear that his death will upset the balance between the rival political factions in Iran and boost the power of the radicals. Yet in any event, the JCPOA and its unfolding aftermath will likely continue to constitute a focus of the political

debate in the run-up to the elections, particularly in view of the new United States President, who is expected to reassess United States policy on Iran and the nuclear agreement.

