



THE IRANIAN CENTRAL GOVERNMENTAL BODIES AND THE EVALUATION OF 19TH MAY 2017 PRESIDENTIAL ELECTIONS IN

On May 19, 2017, the 12th presidential election was held in Iran. The Interior Minister of Iran, Abdolreza Rahmani Fazli, announced that 41,220,131 registered voters (73,07%) took part in the elections and Hasan Rouhani was elected as the President of the country for the second time with 57,13% (23,549,616) of total votes.

Iran has a unique structure in its political system. According to the Constitution, the powers of government in the country are vested in the Supreme Leader in accordance with the concept of "Velayet-i Fakih" (Article 57). The Supreme Leader has absolute authority over legislative, executive and judicial powers and can dismiss the President if necessary. In addition, the authorities to dispatch and administer the armed forces and the security forces and the authorities to determine the domestic and foreign policy priorities are gathered under the supervision of the Supreme Leader (Article 110).

In Iran, the Supreme Leader is elected by the Council of Experts, which consists of 86 clerics, and remains in office until his death. However, the Supreme Leader can be dismissed from his position only in case he is incapable of performing his legal responsibilities, by losing or lack of the necessary ability to deliver fatwa, which requires fairness, piety, becoming deficient in managerial skills stated in Article 109. This decision can only be made by the Council of Experts.

The President is the head of the executive and is the highest official authority after the Supreme Council. The President is responsible for implementing the Constitution and chairing the executive body in dealing with all issues except the ones, which are directly related to the the Supreme Leader (Article 113). The President is elected for four-year period by direct votes of citizens and his consecutive election is allowed just for one additional term. (Article 114). According to the Constitution, a person should meet the following qualifications in order to be a candidate for the presidential elections: a) being a citizen of the country; b) Iranian origin; c) having administrative and foresight skills; d) be entrusted, pious and have an exemplary life; e) believing in the fundamentals of the Republic and the official religion of the country (Shia Islam) (Article 115). In Iran, there are no age and education qualifications that should be met by the candidates for the presidency. For this reason, anyone who carries the above-mentioned qualifications could apply to the presidential elections. According to Article 37 of the Presidential Election Law, a person who is a candidate for the presidency must resign before applying for the candidacy. He is directly responsible for the planning, budgeting, administrative and employment issues together with the implementation of the laws in the country. But he can transfer the management authority of these issue to other people (Article 126). After being elected, the President receives his mandate from the Supreme Leader and submits his resignation to the Supreme Leader and fulfills his duties as long as his resignation is not accepted (Articles 110 and Article 130).

Another powerful constitutional institution in the Iranian political system that influences the presidential elections is the Guardian Council, which consists of 12 members. The tasks and the authorities of the Council are to supervise the Parliamentary, the Presidency, the Council of Experts and the referendum elections and supervise the appropriateness of

the candidates to the conditions defined by the Constitution (Article 99). Another main task of the Council is to interpret the Constitution and to supervise the law enacted in the Parliament according to Islam and the Law (Article 72). The Parliament (the Islamic Consultative Assembly) does not hold any legal credibility without the Guardian Council, except in approving six legal scholars to the Council and provision of the mandates to the members of the Parliament (Article 93).

Totally, 1636 citizens presented themselves as candidates for the Iranian presidential election. However, after assessing the qualifications of registered applicants in the context of the appropriateness to the Constitution, Islam and the regime, on 20 April 2017, the Guardian Council announced through the Interior Ministry that only six candidates for the presidential election could be nominated: Hassan Rouhani (Moderation and Development Party), Eshaq Jahangiri (Executives of Construction Party), Mostafa Hashemitaba (Executives of Construction Party), Mohammed Bagher Ghalibaf (Population for Progress and Justice Party), Ebrahim Raisi (Combatant Clergy Association), Mostafa Mirsalim (Islamic Coalition Party). In order to increase the support for Ebrahim Raisi, Mohammed Bagher Ghalibaf withdrew from the elections, while Eshaq Jahangiri withdrew from elections for Hassan Rouhani. Under these conditions, the distribution of the votes received by the other candidates is as follows: Ebrahim Raisi 38.5% (15,786,449); Mostafa Mirsalim 1.16% (478,215); Mostafa Hashemitaba 0.52% (215,450). Besides, 1,190,401 votes were counted as invalid.

Rouhani's re-election took place in the critical period for the country and during the second term his strategic priorities can be classified under 3 main topics: 1) Economy: As known, after signing the nuclear deal on July 14, 2015, the gradual removal of embargoes positively affected the Iranian economy to a certain extent. As a matter of fact, the country's inflation rate has dropped from 45% to 8.7%. In 2016, GDP grew by 3.9% compared to 2015 reaching \$412.3 billion. In addition to the petroleum exploration activities in the country, oil production has also increased. However, mitigation of international isolation and sanctions did not increase the number of projects, which could improve employment in the country (especially among young people) and the private sector alongside with the amount of foreign investments. For this reason, during his second term Rouhani would put more emphasis on the economic development of the country by implementing new policies to open up the country for more investments and to create new business opportunities. In his pre-election declaration titled "Freedom, Security, Peace and Progress", Rouhani summarizes the priorities in this field as follows: a) Employing 950,000 people annually; b) Implementing the Developing Villages in the Context of Social-Economic Development Program and to open new industrial enterprises throughout the country that will provide employment, especially for young adults; c) Enhancing the fight against corruption; d) Providing necessary conditions for the development of private sector and investments; e) Limiting the activities of various economic institutions inside the state, which are not directly linked to the Government; f) Improving domestic production; g) Increasing the share of exports of non-petroleum

products by 25% per year in total exports; h) Trying to rejuvenate the Cabinet. 2) Social and Cultural Field: In this field, Rouhani committed to improve the conditions for human rights and freedoms development guarantying the participation of various ethnic and religious minorities in social and political life by removal of certain restrictions in the cultural field and resolving issues about women's rights. 3) Foreign Policy and Security: In his pre-election declaration, it is emphasized that politics based on mutual respect and common interests, especially with the Islamic countries, will be maintained by adhering to moderate and common sense principles. It is emphasized that, while adhering to the Comprehensive Joint Action Plan the country will continue to fulfill its own commitments and expects the counterparties to fulfill their obligations. Rouhani with the approval of the Supreme Leader noted that he would work to remove other sanctions that are not linked to the nuclear program. As for the Syrian issue, he affirmed that Iran supports political negotiations for a peaceful settlement of the conflict reaffirming its rejection for using military force and confirming the importance of the North-South Transport Corridor project. According to the Constitution, the task of making fundamental changes in security and foreign policy is rather under the supervision of the Supreme Leader than the President. Recently, there are criticisms about the authorities of the Supreme Leader in the context of foreign policy shaping. Thus, the fact that Mahmoud Ahmadinejad applied for the presidency despite the Supreme Leader's warnings not to could be classified as a sign of growing dissatisfaction of some political groups with current political priorities in the country. In this way, the Conservative camp might have given the message that they are looking for a strong leader who can resist the U.S. President Donald Trump's policy towards Iran. In this context, the Supreme Leader could seek to restore the balance between the Reformist and Conservative camps suppressing the criticism of the latter without opposing them. In this direction, Iran could strengthen military cooperation with Russia (possibly with the CSTO in future) as a respond to new bilateral military alliance agreements signed between the U.S. and Saudi Arabia on the sidelines of the President Trump's visit to the country. Aforementioned agreements are seen as opposed to the geopolitical interests of Iran in its near abroad, which generates the need to pursue a more active foreign policy in the "Shiite Crescent" geographic area. Such situation may increase the power struggle between Saudi Arabia and Iran in the context of Syria, Lebanon, Iraq and Yemen.

As a result, Rouhani, in its second term of presidency, will continue to carry out his political agenda that has already been determined and will give priority to the development of the country's economy by implementing new reforms. On the other hand, in foreign policy and security, he will try to apply policies that could disrupt the United States and its allies New Middle East politics adhering to the authority of the Supreme Leader. But these policies will have a chance of success if Rouhani could implement them without overshadowing the achieved successes in his first presidential term, especially the nuclear deal.

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Politics, Foreign Affairs and Security

- The Central Election Commission of Turkmenistan reported that 91.02% of voters took part in the election of the Turkmen Parliament's members, while 90.91% of voters participated in the election of the provincial, district, municipal people's councils and local councils. The lists of newly elected members of Turkmen local authorities will be announced soon in accordance with the provisions of the current national legislation.
- During his official visit to Minsk, the Economy Minister of Azerbaijan, Shahin Mustafayev, and the Deputy Prime Minister of Belarus, Vladimir Semashko, discussed the possible ways of the expansion of economic relations focusing on the increase of exports between the two countries. The parties also discussed their potential in the development of cooperation in tourism, establishment of joint pharmaceuticals and agriculture ventures.
- As part of his Central Asian tour, the Minister of Foreign Affairs and International Cooperation of the United Arab Emirates, Sheikh Abdullah bin Zayed Al Nahyan, met the Presidents of Azerbaijan, Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan. In Baku, the parties discussed promotion of cooperation in investments, petrochemical industries and financial and banking services and signed Memorandum of Understanding (MoU) between the Standards, Metrology and Patents Committee of Azerbaijan and the Emirates Authority for Standardization and Metrology. In Tashkent, the sides discussed implementing economic projects with participation of UAE's leading financial institutions and companies and signed an intergovernmental MoU on cooperation in cultural sphere. In Astana, the sides signed a letter of agreements for a visa-free regime between Kazakhstan and the UAE for a stay under 30 days and for establishing a Bilateral Business Council. In Bishkek, the parties reviewed the economic, investment and cultural issues of mutual interest and signed the MoU on bilateral political consultations. In Dushanbe, the sides discussed establishing the Joint Investment Fund and the Tajikistan-UAE Commercial Council and opening branches of the UAE commercial banks in Tajikistan.
- During his official visit to Azerbaijan, the Chair of the European Parliament Foreign Affairs Committee, German member of the European People's Party, David McAllister, and the President of Azerbaijan, Ilham Aliyev, exchanged views on the current cooperation between the parties focusing on the issue of the Nagorno-Karabakh conflict settlement.
- During his official visit to Turkmenistan the Deputy Chairman of the National People's Congress, Secretary General of the Congress Standing Committee of China, Wang Chen, and the Chairperson of the Parliament of Turkmenistan, Akdža Nurberdyeva and Chairman of the Turkmen Democratic Party, Kasymguly Babayev, discussed bilateral cooperation with broad prospect for further development within the One Belt and One Road Initiative.

- During a trilateral meeting of the Defense Ministers of Azerbaijan, Zakir Hasanov, Georgia, Levan Izoria, and Turkey, Fikri Isik, held in Batumi, the sides discussed prospects of further strengthening of military cooperation among the countries focusing on regional security and other issues.
- During his official visit to Moscow, the Minister of Defense of Uzbekistan, Kabul Berdiev, and his Russian counterpart, Sergey Shoygu, exchanged instruments of ratification of the Agreement on military-technical cooperation between the countries for 2017.
- According to an explanatory note to the bill on amendments to the 2017 budget of Russia, the country increases military expenditures for 2017 by \$9.4 million. Thus, the budget expenditures on deployment of army units on the territory of foreign states may increase from \$77.53 million to \$86.92 million.

Economy, Finance and Energy

- As a result of the meeting held in Vienna, the OPEC member states and non-OPEC oil exporting countries including Russia, Kazakhstan and Azerbaijan agreed to extend cuts in oil output by nine months to March 2018.
- The Managing Director of South Pars Oil and Gas Company (POGC), Mohammad Meshkinfam, reported that at least \$20-25 billion of investment is needed for projects to avoid pressure drop at the South Pars gas field. It was reported that Iran plans to install 20 heavy booster compression platforms in the South Pars to boost the pressure by 90 bars to produce additional 56 million cubic meters of gas per day. Currently, Iran produces 500 million cubic meters of gas per day from the South Pars and after full completion of the project, the volume will reach 780 million cubic meters of gas per day by 2021, but the pressure in the field is expected to decrease significantly in 2023 and reach such a level that installing gas compressors will be unavoidable.
- According to the Head of Sales of Kazakhstan's main uranium processing factory, Ulba Metallurgical Plant (UMP), Alexander Khodanov, the country will start producing nuclear fuel for Chinese power plants in 2019 through a joint venture set up by UMP and China General Nuclear Power Corporation. The first stage of the joint venture will produce about 200 tons of nuclear fuel a year using technologies and equipment supplied by France's Areva.
- During his official visit to Uzbekistan, the Deputy Prime Minister of Turkey, Tugrul Turkes, and his Uzbek counterpart, Rustam Azimov, signed agreements on the implementation of the projects worth more than \$2 billion at the session of the intergovernmental commission on trade and economic cooperation between the two countries. It was noted that the agreements would allow to increase the mutual trade turnover up to \$1.4 billion in 2017 against \$1.2 billion in 2016.
- The European Bank for Reconstruction and Development (EBRD) reported that they

plan to provide the loan and grant financing to the Manas Airport for the modernization of its terminal building. The airport operating company, International Airport Manas, will receive a loan of \$4.7 million and an investment grant of \$500,000 to address the growing demand for high quality airport services in Kyrgyzstan.

- During his official visit to Kabul, the Transport Minister of Tajikistan, Khudoyorzoda Khudoyor, and the Economy Minister of Afghanistan, Abdul Sattar Murad, signed the sixth agreement on economic and trade cooperation aimed to complete remaining works of projects already executed between the parties.
- The Ministry of Justice of Uzbekistan announced about the launch of the new universal inter-bank retail payment system, GlobUzCard approved by the Uzbek Central Bank's resolution. It was noted that the system will establish relations with international payment systems such as Visa, MasterCard, Union Pay International, JCB, American Express, Diners Club and others to conduct transactions in foreign currency with use of GlobUz banking cards in foreign states and foreign banking cards in the country.
- According to the State Committee on Competition of Uzbekistan, the Government of the country approved the Resolution on additional measures to sell state objects and state assets to the private sector. The resolution envisages sale of number of state-owned assets at zero redemption price with the condition of accepting investment obligations. The document also approved a list of unused public real estates as well as state shares in the authorized capitals of state enterprises and business entities, which will be sold to the private sector.

Society and Culture

- Turkmenistan's high-ranking officials hosted a meeting with Head of Regional Office of the United Nations Office for the Coordination of Humanitarian Affairs, Marcel Wassen, and the National Disaster Response Adviser, Ashot Sargsyan, during which the sides discussed the preparation of an agreement between the Turkmen Government and the UN on measures to simplify and accelerate the import, export and transit of relief supplies and property of personnel to provide assistance in the case of disasters and emergencies.
- The Defense Ministry of Russia reported that a military satellite, which launched from the Plesetsk spaceport in the Archangelsk region was successfully delivered into the designated orbit. It was noted that the launch of the carrier rocket and delivery of the spacecraft into the orbit took place as scheduled.
- China's Inner Mongolian Autonomous region signed the MoU with Mongolia to enhance cultural ties. During the signing ceremony, the Chinese side also donated 56,000 children's books, with a total worth of 1 million RMB (\$145,800), to the Mongolian public libraries and schools.