Minority report

Prospects for security in oil-rich Khuzestan

Iran's oil and gas-rich province is also home to a provocative mix of a disadvantaged ethnic group, high local unemployment and political disaffection. As the Tehran regime turns its attention to this vital area, ***Alex Vatanka*** *examines the security and economic implications for the next possible site of US military intervention.*

KEY POINTS

- As Iran plans for possible military conflict with the US, it is anxious to prevent militant ethnic groups from rebelling in the event the central government is weakened.
- The southwestern province of Khuzestan is a centre for Iran's energy industry in terms of recoverable deposits and infrastructure. Tehran also views it as a gateway to Iraqi markets.
- Local economic conditions in Khuzestan remain stagnant. Popular anger could foster militancy among the ethnic Arabs of the province, and jeopardise Iran's lifeline.

This article was first available online on jir.janes.com on 5 December 2007.

A January 2006 bomb that destroyed a bank in Khuzestan's capital Ahvaz was blamed by Tehran on the Ahwaz Liberation Organisation.

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As Iran's stand-off with the West continues, leaders in Tehran are preparing for possible military confrontation with the US and its allies. The Iranian leadership, while not totally discounting the possibility of a land invasion, judges air strikes against nuclear, military and political targets as by far the most likely scenario.

The regime in Tehran ostensibly believes that such strikes would have a two-pronged objective: to dismantle Iran's nuclear programme and to decapitate the regime, and therefore facilitate a change in political leadership.

Political calculation

As the Iranian leadership is able to withstand the loss of nuclear-related assets both politically and militarily, it is now focusing on measures to prepare for maintaining political and social stability in a post-attack phase. A key area of this goal is to reduce the likelihood of internal revolt at the hands of a number of indigenous anti-regime groups, some of which are armed, and which would be emboldened following a

potential US attack.

This type of calculation was evident in the leadership rotation that occurred on 1 September within the Islamic Revolutionary Guards Corps (IRGC), Iran's elite 145,000-strong military force. Yahya Safavi, who had been the overall IRGC commander since 1997, was replaced by Mohammad-Ali Jafari.

Jafari is regarded as a theoretician on asymmetric and insurgency warfare, and a capable regime loyalist who as an IRGC commander in Tehran proved skilful in quelling anti-regime student riots in 1999 and 2003.

Ali Khamenei, Iran's supreme leader and the commander-in-chief of all armed forces, also simultaneously appointed Jafari as overall chief of the Basij militia forces, which act as the regime's first line of defence in the face of popular unrest. The joint command gives Jafari unprecedented authority. Quoting Khamenei, Jafari has stated that the IRGC's and Basij's main task is to fight "internal enemies". The appointment not only demonstrates Khamenei's faith in Jafari, but is a clear sign that the regime is becoming increasingly anxious about the possibility of internal insurrection.

In this context, ethnic-related unrest in the border regions is a primary concern for Tehran, particularly since there is a precedent for disgruntled ethnic communities rebelling at times when the central government in Tehran is destabilised. The most recent example was the 1979-80 uprising among Iranian Kurds and Arabs.

Among Iran's 30 provinces, Khuzestan presents a unique challenge, given that it is the source of much of Iran's oil revenue. Some ethnic Arabs in Khuzestan, a province which comprises about 5.6 per cent of Iran's population, claim discrimination at the hands of the ethnic Persian-dominated central government and its cities witnessed a number of riots and bombings in 2005 and 2006. Ethnic insurrection in Khuzestan not only jeopardises a currently critical source of income, but would also seriously hamper Tehran's much touted efforts to integrate southern Iraq with the Iranian economy.

Energy assets

Iran's Khuzestan province has been vital to the country's economy since the first Middle East oil was discovered there in 1908. At 63,213 km², Khuzestan comprises only 3.8 per cent of Iran's landmass. However, 66.2 per cent of Iran's known recoverable oil and 21.4 per cent of its natural gas deposits (according to 2006 figures supplied by energy information provider IHS) are in this southwestern province. Khuzestan also accommodates 28 per cent of Iran's oil refinery capacity, 34 per cent of its gas plant capacity, 25 per cent of its installed electric capacity and 26 per cent of its petrochemical plants and 19 per cent of the total length of all pipelines.

Major oilfields in Khuzestan

Name	Rank in size among Iranian oil/gasfields	Volume (billion barrels)	% of total reserves
Ahwaz	1st	25.65	15.4
Marun	2nd	22.32	13.4
Agha Jari	3rd	17.38	10.4
Azadegan	5th	6.11	3.7
Karanj	6th	5.73	3.4
Mansuri	7th	5.16	3.1
Rag-e Sefid	8th	4.99	3.0
Yadvaran	11th	3.00	1.8

There are a total of 35 oil and gas fields in the province of Khuzestan, although not all fields are currently operational. Source: **IHS**

Given these assets, and the fact that approximately 80-85 per cent of Iran's total export receipts and 60 per cent of the government's budget derives from the export of crude oil, the strategic importance of Khuzestan is evident.

Besides being a hub for the oil and gas industries, Khuzestan's proximity to neighbouring southern Iraqi and Shia majority provinces make it an important gateway to Iraq's markets. In July 2005, the governments of Iran and Iraq signed two memoranda of understanding in the fields of trade and transportation, and official trade volumes have since increased to an estimated USD2 billion in 2006 from a very low base.

> 'Public hanging of militants has become the norm, with the clear aim of acting as a deterrence'

Joint energy projects with Iraq are also viewed as lucrative by both states. In August 2007, Tehran and Baghdad revealed that an agreement had been reached to build a pipeline to carry crude oil from Iraq's Basra to refineries in Abadan in Khuzestan province. The pipeline will be used to export 200,000 barrels per day (bpd) of Iraqi oil to Iran. In return, Iran will export liquefied gas to Iraq. There are also ongoing discussions about joint ventures to develop shared oil and gas fields across the border areas, such as the large Azadegan field.

Policy makers in Tehran view economic integration as both commercially and politically prudent, since such measures will open up new markets and reduce the likelihood of a return to the intense rivalry or outright hostility that was characteristic of bilateral relations in the period 1968-2003, when the Baath party governed Iraq. The timing is also opportune for Tehran, given its close ties to the Shia-dominated government of Prime Minister Nouri Al-Maliki.

Such a strategy requires that Tehran has unopposed access to Khuzestan and that the province remains socio-politically stable. To this end, Tehran is pursuing its own two-pronged strategy. It aims to deter militancy through an intensified security presence in the province, but also to reduce popular dissent through economic regeneration and such measures as incorporating ethnic Arab youth into the Basij Islamist militia force.

Arab separatism

An example of the counter-militancy campaign was the arrest of Abdullah Al-Mansouri, an Iranian ethnic Arab and the leader of the Ahwaz Liberation Organisation (ALO), in May 2006 by the Syrian authorities in Damascus. Mansouri was subsequently deported to Iran. ALO is an Arab separatist group that seeks independence for Khuzestan. Between 800,000 and 2 million of Khuzestan's 4 million people are estimated to be ethnic Arabs. There are no accurate statistics since Iranian census figures, as elsewhere in the Middle East, do not include ethnic and religious records.

Iran has yet to convict Mansouri, but he has already been charged with acting against national security and being a mohareb, an Islamic legal designation that denotes 'enemies of God', and which is punishable by death. Judicial and other senior officials in Tehran have declared Mansouri, an Iranian-Dutch citizen who has lived in the Netherlands since 1989, as complicit in the bombings that occurred in June and October 2005 and January 2006 in Khuzestan. Twenty people were left dead, when government buildings were targeted. Trials held in 2006 convicted

Source: IHS

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39 ethnic Arabs of carrying out the bombings and sentenced 19 of them to death. Fifteen have been executed since December 2006.

On 13 September 2007, the prosecutor for the Public and Revolution Courts in Khuzestan's capital Ahvaz (Ahwaz in Arabic) announced the execution of a further three people who were said to have been involved in the bombings. Another unknown number, of those Tehran alleges were complicit, are awaiting execution, and the Iranian press reports officials as stating that some 20 per cent of the culprits have yet to be arrested.

Outside support

Tehran maintains that senior militant ethnic Arabs reside outside the country and benefit from the backing of Western intelligence services which, in alliance with former Iraqi Baathists, are attempting to foment ethnic unrest in the region as part of the wider West-Iran standoff. The Baath party of Iraq was the principal patron of Iran's Arab separatists from the early 1970s and 'liberating' Khuzestan was one of Saddam Hussein's stated goals when he invaded Iran in 1980. Colluding with foreigners is most likely the principal charge that will be levelled against Mansouri.

Minister of the Interior Mostafa Purmohammadi said on 13 August that while "good co-ordination and suitable measures by the security apparatus" have significantly reduced violence since 2005, "remnants of terrorist groups are active and they are supported by foreign services, especially the US, Britain and Israel". Purmohammadi also claimed that "a large number of these people were identified and their weapons depots were discovered". Most confiscated arms have been pistols, Kalashnikov rifles and ammunitions. Meanwhile, public hanging of Arab militants implicated in violence has become the norm, with the clear aim of acting as a deterrent.

Iraq is cited as the operational base for anti-regime groups as they are perceived to be able to benefit from the patronage of US and UK militaries and operate from the vicinity of Khuzestan. Moreover, potential recruits can also be found among the estimated 5,500 Iranian ethnic Arabs who still live as refugees in Ad Diwaniyah, Ali al Gharbi and Al Kumayt in eastern Iraq. Many of these refugees fled Iran in 1979 after an ethnic Arab uprising on the back of the Iranian Revolution was crushed by Admiral Ahmad Madani. Others subsequently had to flee after siding with Saddam Hussein's regime and collaborated with its intelligence services during the 1980-1988 Iran-Iraq War. Camp Ashraf, north of Baghdad, is also hosting some 2,900 members of the Mujahedeen-e Khalq, an Iranian Islamist-Marxist group which relocated to Iraq in 1985 after siding with Saddam Hussein. Tehran has pointed the finger at MEK for some of the violence in Khuzestan.

It is difficult to verify the identity and size of the various purported and self-styled groups claiming to represent Iran's ethnic Arabs. This is due to a high degree of flux and overlap of political platforms in this community. The four most prominent separatist organisations are: ALO, which is based in the Netherlands; the Ahwazi-Arab People's Democratic Front, which is based in London; and the National Liberation Movement of Ahwaz and the Ahwazian Arab Liberation Front, both of which operate from Canada.

However, most ethnic Arab activists advocate the establishment of a federal system in Iran, within which Khuzestan's Arabs can benefit from autonomy. The most noted federalist organisation is the Democratic Solidarity Party of Ahwaz (DSPA), an entity that was set up in 2002 and is part of an umbrella coalition of Iranian ethnic opposition groups. Unlike the separatist Arab groups, whose literature is dominated by either pan-Arabism or Islamist slogans, the DSPA promotes itself as a secular and social democratic outfit that denounces violence, with its greatest appeal being to the intelligentsia inside Khuzestan. The DSPA has also secured considerable support from European Social Democratic and Green parties and is active at fora hosted by the UN.

The DSPA's strategy is a reflection of broader ethnic Arab sentiment in Khuzestan. While calls for better living conditions are commonplace,

only a small minority of ethnic Arabs appear willing to resort to violence or seek to secede from Iran. The separatist path was an option during the Iran-Iraq War, and yet a clear majority in Khuzestan, Persian and Arab alike, fought the invading Iraqi army.

Socio-economic motivation

While successive Iranian governments have traditionally attributed ethnic militancy to foreign agitation, socio-economic problems of Khuzestan are an undeniable factor behind much of the present local Arab resentment.

With unemployment rampant, particularly among Arabs, Tehran is also accused of a range of transgressions, from forced land appropriation, hostility toward Arab customs and blocking school education in Arabic to unspoken discriminatory policies that bar Arabs from certain high-level functions. The charge against ethnic Persians is that they view ethnic Arabs as a fifth column, and that Tehran prefers subjugation over inclusion. Such critiques are a reality that officials in Tehran are increasingly inclined to accept openly.

Khuzestan's 17 (out of 290) deputies in the parliament in Tehran often publicly highlight economic deprivation in the province and the government's failures to address grievances.

The province suffered tremendously during the Iran-Iraq war and reconstruction efforts have been slow to non-existent. Calls by Khuzestan's local authorities to receive a larger share of the oil wealth have been refused. A bill submitted by Khuzestan's deputies to allocate 1.5 per cent of total oil export revenues to the province has been repeatedly defeated in the parliament in Tehran. As a result, Khuzestan's share of the oil revenue remains below this level, as the central government retains some revenue and then allocates the remainder equally among all 30 provinces. When oil pipelines and infrastructure have been targeted, as in 2005 and 2006, the culprits have left behind leaflets stating that no one would benefit from the oil revenue unless ethnic Arabs receive a fairer share.

A 2006 report by the UN Economic and Social Council on Iran highlighted ethnic disparities on different levels in Khuzestan. The Iranian parliament's own research arm, the Islamic Majlis Centre for Research, stated in a 2006 report that swift anti-poverty action was required to foil future unrest akin to that experienced in Ahvaz in 2005, when fears over an alleged programme to relocate Persians to Khuzestan led to riots that left an unknown number dead. It cited unemployment as a major danger, given that Arab youth are most inclined to be receptive to radical ideas. Political disillusionment also underpins much of the militant momentum.

Economic deprivation is therefore a major source of Arab disaffection, compounded by a lack of political representation. While Khuzestan has favoured reformist candidates in parliamentary and presidential elections, the growing sentiment is that the political system cannot be reformed from within. President Mahmoud Ahmadinejad, for example, did not appoint any Arabs to his cabinet, unlike his reformist predecessor, Mohammed Khatami, who had Ali Shamkhani, an ethnic Arab, as his defence minister.

One of the results of this disenchantment with the Shia clerical establishment in Tehran is the emergence of a trend among Khuzestan's overwhelmingly Shia Arabs to convert to Sunni Islam, a phenomenon never before experienced in contemporary Iran. While sectarian violence is minimal at the moment, there are warning signs. In June, Hesham Seimori, a mid-ranking Shia cleric in Ahvaz known for his anti-Saudi and anti-Salafi preaching was killed by unidentified gunmen.

> 'Iran's oil reserves are the second largest in the world, with OPEC putting it at 136.3 billion barrels'

Critics of Tehran's policies also argue that in Khuzestan, communities largely comprised of ethnic Persians tend to be the primary beneficiaries of government policies and aid. For example, some two decades after the end of the Iran-Iraq War, de-mining occurs mainly when larger energy projects are implemented but not when local small Arab farming communities need access to agricultural land. The energy industry in the province, the recipient of the bulk of government investment, is primarily staffed by ethnic Persians.

Tehran's response

To mitigate further unrest, the supreme leader has stated that he will personally oversee development plans, and the government of President Ahmadinejad has vowed to hold a special session on the province. Tehran's fiscal allocation for Khuzestan in 2008 specifically targets development in tribal and rural areas, where ethnic Arabs tend to live.

Parallel to promises of more economic regeneration, Tehran is seeking political assurances. In September, elders from Iran's Arab tribes met Ayatollah Musavi-Jazayeri, the provincial representative of the supreme leader, and renewed their pledge of allegiance to Ali Khamenei. Meanwhile, Jafari, the new IRGC and Basij commander, has already replaced a number of local IRGC officials in Khuzestan, including in the strategically vital cities of Abadan and Khorramshahr. The Basij Islamist militia is also on a recruitment drive in Khuzestan, with a record number of military parades and events in 2007 aimed to stimulate a sense of Iranian nationalism.

Tehran's efforts to include ethnic Arabs in a dialogue would be a much more welcome development than to dismiss all critics and acts of militancy as the creation of external powers. While not discounting possible foreign assistance to ethnic Iranian militants, socio-economic realities in Khuzestan speak for themselves. It is also true that Arab disgruntlement is near identical to other ethnic minorities such as Kurds and Baluchis. Still, Khuzestan's strategic economic status sets it apart. Further deterioration of relations between the central government in Tehran and ethnic Arabs most likely will result in more violence in Khuzestan, and expose its vital energy-related assets to possible attacks and sabotage, as in 2005.

Such a scenario would have considerable ramifications for oil markets. Iran's oil reserves are the second largest in the world after Saudi Arabia, with the Organisation of Petroleum Exporting Countries (OPEC) putting it at 136.3 billion barrels. Iran also remains OPEC's second largest producer and the world's fourth largest oil exporter. Many of the pipelines that supply the Kharg Island oil terminal, Iran's main export outlet, travel across Khuzestan.

However, emerging militancy in Khuzestan is not inevitable. While a limited number of Arab activists seek independence, most of Iran's Arabs see themselves as Iranians and are aspiring for a fairer political representation and economic distribution of resources. Tehran still has time to defuse a potentially disastrous crisis. ■

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