



INFO PACK

The Coronavirus Outbreak in Iran: Political and Economic Implications

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Introduction

In December 2019, China alerted the World Health Organization (WHO) to 31 cases of an unknown virus in the city of Wuhan. By early January the situation was starting to get out of control and on January 7th, Chinese officials announced that they had identified a new virus, later named COVID-19 by the WHO, which belongs to the coronavirus family. The quick spread of the virus has created a global emergency, as confirmed by the rise of death tolls and infection rates in European countries such as Italy, France, Spain and the UK.

Iran's denial of the outbreak and its late response allowed the virus to spread widely in the country. The sudden death of two people in Qom on 19 February raised the suspicions that the government had concealed the real figure. After the first casualties,

the death and infection rate has increased severely. Iranian Deputy Health Minister [Iraj Harirchi](#) claims that COVID-19 infects 43 Iranians and takes 3 lives per hour. For its part, the WHO has asserted that [the death toll could be potentially five times higher](#).

Economic difficulties resulting from US sanctions make Iran's struggle with the coronavirus even more difficult. The outbreak has already had a severe impact on the economy particularly neighbouring countries have closed their borders. While Iran is requesting a \$5bn emergency IMF loan to fight the epidemic, the United States imposed new sanctions on Iran in the middle of the crisis.

This info-pack examines the spread of Covid-19 in Iran, and the political and economic implications of the crisis.



Iran's Revolutionary Guard Corps carry out disinfection works as a preventive measure against the coronavirus (Covid-19) pandemic as part of the biological defense drill, launched in coordination with the National Headquarters For Fighting The Coronavirus, in 100 different points in Tehran, Iran on March 25, 2020. Iran launched 3-day biological defense drill at 3,000 locations across the country. A total of 143 people in Iran have died of coronavirus over the last 24 hours, pushing the death toll up to 2,077, according to Iranian health authorities. (Fatemeh Bahrami - Anadolu Agency)

Timeline of the Coronavirus Outbreak in Iran

February 19

Iranian Ministry of Health announced the first cases of Corona virus. Two people tested positive for Covid-19 in the city of Qom. The ministry later stated that both had died.

February 21

The virus spread to other cities as new cases were reported in Tehran and Gilan Province. Despite the risks of the outbreak, parliamentary elections were still held with a turnout of %42.57, the lowest in the Islamic republic's history.

February 22

Iran's Health Minister Saeed Namaki said that one of the people who died was a merchant from Qom who travelled regularly between China and Iran after direct flights were suspended between the two countries and may have brought the virus from China.

February 24

Iran's Deputy Minister of Health, Dr Iraj Harirchi, said that 12 people had died from the new coronavirus, which was subsequently disputed by parliamentarian Ahmad Amirabadi Farahani who claimed that 50 people had died in Qom alone from COVID-19. All flights between Iran and Turkey, including passenger and cargo flights were suspended and the border was closed until further notice:

March 3

23 Members of the Iranian Parliament were reported to have been infected. More than 54,000 prisoners were temporarily released to prevent the spread of the virus. Supreme Leader Khamenei described the efforts of health workers working intensely for the coronavirus outbreak as 'jihad in the way of Allah'. He also claimed that Iran has been sharing the data and information with the people transparently while some countries have covered up the outbreak.

March 5

The Ministry of Health reported 591 more new confirmed cases and 15 new deaths. They also reported that 739 people had recovered.

March 9

Approximately 70,000 prisoners were temporarily released as Covid-19 cases surged. Iran's Supreme Leader Ali Khamenei decided to cancel his Persian New Year speech, which traditionally takes place every year at the Imam Reza shrine in Mashhad.

March 11

The Ministry of Health reported 958 more new confirmed cases and 63 new deaths. Iranian President Hassan Rouhani assumed the chairmanship of the national task force on combatting the outbreak of the novel Coronavirus, replacing the Health Minister at the request of lawmakers.

March 12

The head of Iran's Central Bank, Abdolnaser Hemmati requested an emergency loan of \$5bn from the International Monetary Fund for the first time since the 1960s to help combat the virus outbreak.

March 17

The government banned the traditional Persian fire festival, Chaharshanbe Suri. About 85,000 prisoners were released due to the coronavirus fears. The United States imposed new sanctions on Iran by blacklisting several entities in South Africa, Hong Kong and China as well as Iran's armed forces social security investment company and three Iranian individuals.

March 19

Kianush Jahanpur, the Head of Public Relations and Information Centre of Iran's health ministry said on his Twitter account: "About 50 people are infected by the coronavirus every hour in Iran and one person dies every 10 minutes due to the coronavirus."

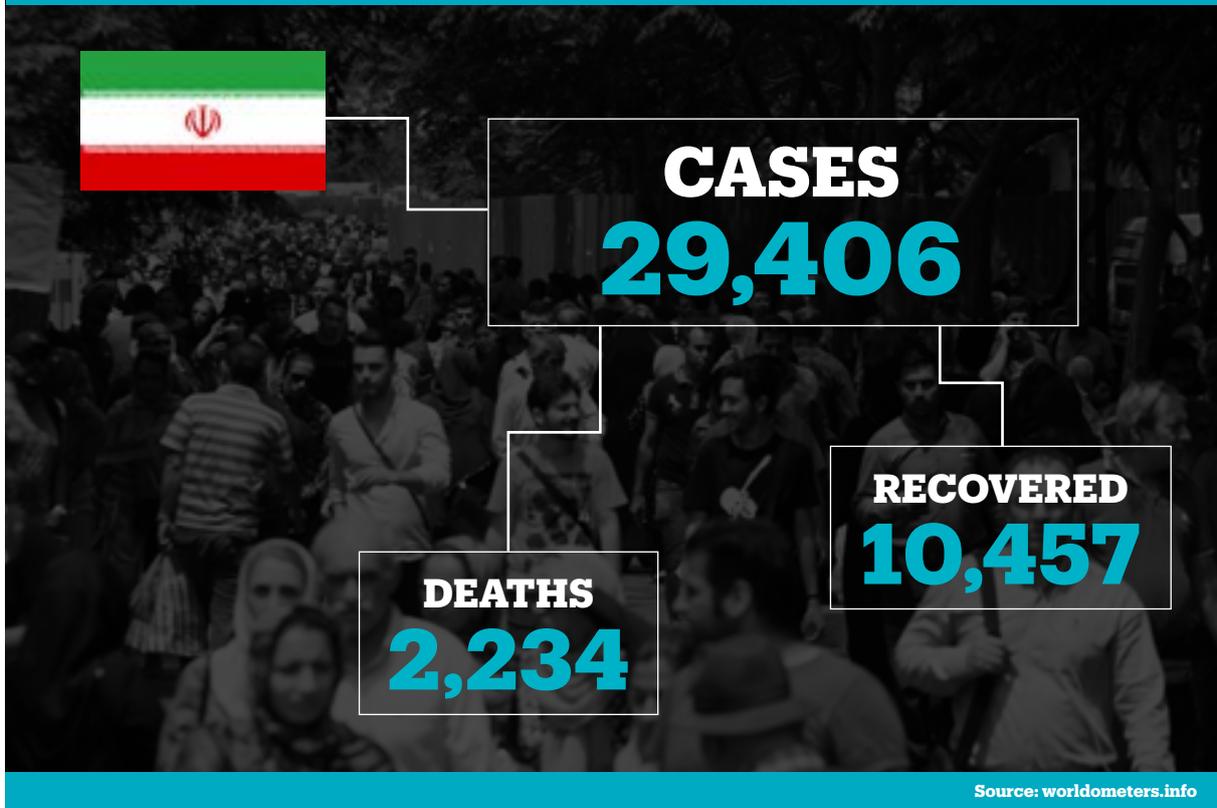
March 22

Supreme Leader Khamenei refused US assistance to fight Covid-19 and claimed that the virus could have been developed by the US government.

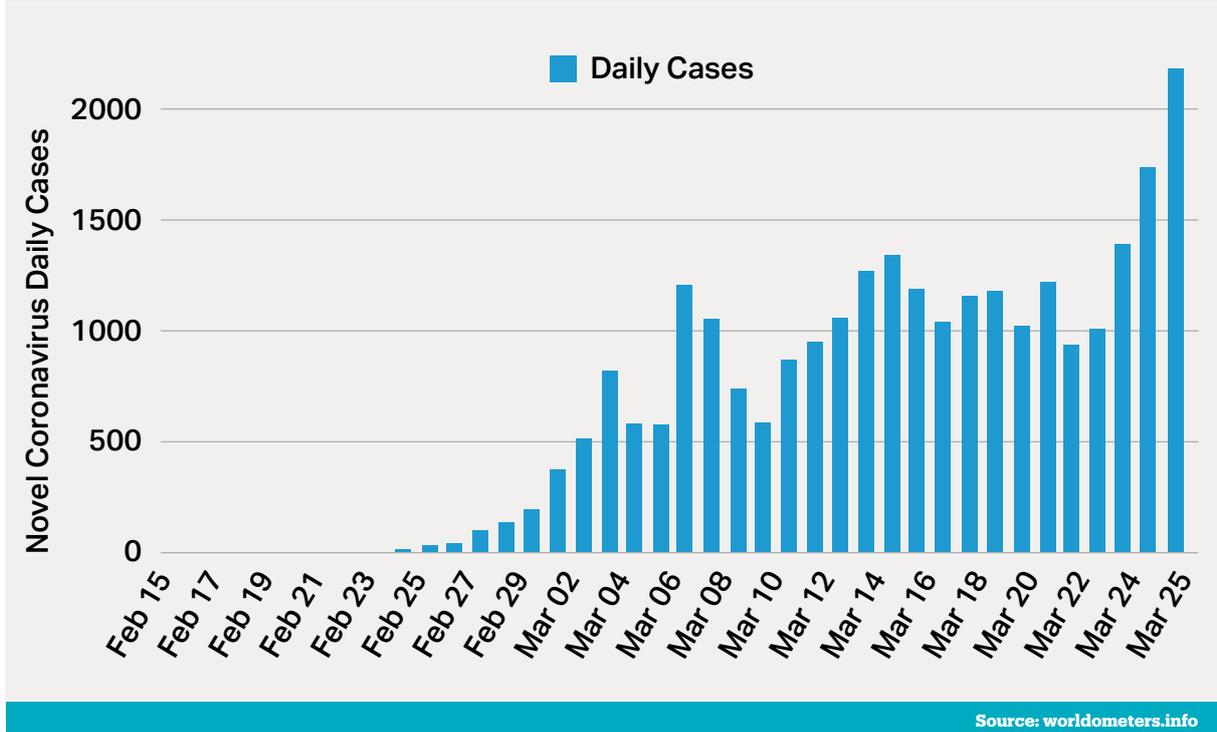
March 23

Despite official warnings for non-essential travel, 8.5 million Iranians were on the move in the country for Nowruz holiday. 6,500 new cases of Covid-19 were reported.

Current Official Figures of Coronavirus



Daily New Cases in Iran





Iranian President Hassan Rouhani makes a statement at a cabinet meeting in Tehran, Iran on March 25, 2020. Except President Rouhani, all of the officials participated in the meeting wearing protective medical masks. (PRESIDENCY OF IRAN / HANDOUT - Anadolu Agency)

Iran's response to the Covid-19 pandemic

From the very beginning, Iranian authorities did not seem to take the outbreak seriously as flights from China, particularly IRGC associated Mahan airways, continued. With the emergence of the first official instances of Covid-19, the Minister of Health stated that it would likely disappear in a few weeks. Supreme Leader Ali Khamenei also gave a similar speech saying that the virus is not a serious issue and the country has seen more disastrous calamities. Although two people had already lost their lives due to the coronavirus, parliamentary elections were held on the 21st of February. The fact that the Iranians learned about the statistics of the virus in Iran thanks to Turkey's Minister of Health [Fahrettin Koca's press release](#) shook people's trust in the government. Among Iranians, there was a great deal of concern that the government was downplaying the real scale of the outbreak. The spread of Covid-19 among state officials, including the Deputy Minister of Health, served to confirm these doubts.

The government has been criticised for not quickly imposing quarantines on the cities of Qom and Mashhad despite warnings. The quarantine proposal was rejected by the Revolutionary Guard and religious authorities, who asserted that sacred sites could not be closed to millions of pilgrims. On February 27th, Iran's Health Ministry asked Iranian authorities to cancel the Friday prayers and any other congregational religious activities due to Covid-19 fears. On the 4th of March, Friday prayers were cancelled in all provincial capitals. The Masoumeh Shrine at Qom,

the main pilgrimage site in the city, and the Imam Reza Shrine in Mashhad, which attracts 25 million pilgrims annually, were finally closed on the 16th of March.

Against rapidly increasing infections and deaths, quarantine and lockdown practices have been considered in some provinces. Although no province is officially quarantined, some officials, such as [the governors of Khuzestan and Khorasan provinces](#), have announced some measures to restrict travel and social activities by banning the arrival and departure of vehicles. There have also been quarantine rumours in Tehran, which [President Hassan Rouhani dismissed by saying](#): "there is no such thing, not today, not during the New Year holidays, not before or after that." The president also urged provincial officials not to initiate any quarantine procedures stating that the sole authority to make these decisions is the National Task Force. In the meantime, Tehran's mayor, [Pirouz Hanachi, renounced imposing quarantine on Tehran](#) saying that it is very difficult for the government to provide for people's needs under a lockdown due to the economic pressure.

In addition to the government's late measures, disregard of warnings and precautions accelerated the spread of the epidemic. For some time, people continued to visit shrines in Mashhad and Qom in spite of the risks. Despite warnings, hundreds of Iranians attended the funeral of Hossein Assadollahi, an IRGC commander.

**PROMINENT FIGURES
INFECTED
WITH COVID-19**



Iraj Harirchi
Deputy Minister of Health



Esmail Najjar
Chief of Iran's Crisis
Management Organization



Masoumeh Ebtekar
Vice President of Iran for
Women and Family



Pirhossein Kolivand
Head of Emergency Medical
Services



Ali Akbar Velayati
Senior Advisor to the
Supreme Leader for
International Affairs



**Ahmad Amirabadi
Farahani**
MP, Qom



Mohammad Reza Qadir
Head of Qom University of
Medical Sciences



Mojtaba Zolnour
Head of the Parliament's National
Security and Foreign Affairs
Committee



Minoo Mohraz
Member of the
Committee to Combat
Coronavirus



**Mohammad
Mirmohammadi**
Member of Expediency Council,
Advisor to the Supreme Leader



**Ayatollah Mohsen
Habibi**
The Custodian of a Seminary in Tehran



Ali Khalafi
Deputy Head of Jurisdiction



**Hossein
Sheikholeslam**
Former Ambassador to Syria,
Advisor to the Foreign Ministry



Fatemeh Rahbar
Newly elected MP



Nasser Shabani
Senior Islamic Revolutionary Guard
Corps (IRGC) Commander



Hadi Khosrovshahi
Iran's First Ambassador to the
Vatican and Prominent Cleric



**Ramezan
Pourghassem**
Ground Forces, IRGC



**Hossein
Asadollahi**
Senior Commander, IRGC

**PROMINENT FIGURES
WHO HAVE
DIED
FROM COVID-19**

Tehran's Crisis Management

■ The policy of 'denial'

The several crises Iran has been facing for the last months have demonstrated a repeated pattern of behaviour on the part of the regime. It is not the first time that people lost their lives due to a virus. Officially, more [than 100 people have died](#) across the country because of the H1N1 virus since September 2019. As in Covid-19 pandemic, the government was accused of not responding to the outbreak expeditiously and not taking early precautions. Some [media agencies have justified](#) that the spread of the H1N1 virus was predictable; however, the Ministry of Health denied claims that the outbreak was serious. The government effectively assumed the same attitude of denial after the

recent downing of the Ukrainian passenger jet, killing all 176 on board. These incidents increased the public's scepticism towards information shared by the government.

At the beginning of the Coronavirus outbreak, there were allegations made that the government and the Ministry of Health concealed the extent of the epidemic. On the 26th of January, health ministry officials stated that Coronavirus had not spread to Iran. Until the announcement of first cases, Iran had not imposed any restrictions on travel to and from China by either Iranian or Chinese citizens.

■ The problem of 'Dual Legitimacy'

The management of the outbreak has been marred by turf wars and blame games as to who was responsible for managing the situation. Supreme leader Ali Khamenei's role seems to clash with the authority of the civilian administration of President Rouhani. President Hassan Rouhani's limited prerogatives did not help to contain the outbreak. The overall process of controlling the outbreak was prolonged, preventing effective measures to be taken and made the pandemic's effects worse.

Even though the government took some steps, there were some ambiguities in implementing those decisions. On the 25th of February, Iran's Supreme National Security Council decided to establish a National Task Force for Fighting Coronavirus. The Minister of Health, Saeid Namaki, was appointed to lead the task force. Failure to announce the composition of the task force and its remit reinforced the public's anxiety towards the effectiveness of this unit. With-

in a few weeks, Supreme Leader [Khamenei called the Chief of General Staff of the armed forces on 13 March](#), to establish medical centres on the Armed Forces' Medical Base to fight against Coronavirus. Although Khamenei urged the Armed Forces to work in coordination with the government and the Ministry of Health, the government does [not seem pleased](#) about the inclusion of the military in the crisis management process. Khamenei's move is considered to have sidelined the Rouhani government. The disagreement over the strategy in fighting the pandemic between the military and the administration has served to impede urgent measures to be taken. On the one hand, the Armed Forces aims to militarise the fight against the outbreak. For example, military officials proposed a lockdown of Tehran and closure of businesses. On the other hand, the Rouhani administration seems unwilling to take risks of quarantine due largely to the already difficult economic situation facing the country.

■ Framing the outbreak

On March 13th, Khamenei insinuated that [the virus might be a biological attack](#). Following this statement, Iranian civilian and military officials portrayed the outbreak as a battle to defend the health of people. Khamenei's attribution of a religious mission to the efforts of doctors and medics has been widely propagated among regime supporters.

Doctors, nurses and paramedics were represented [as the leaders of the revolution](#), and their efforts framed as being part of a 'jihad' by pro-regime supporters. They have been compared to soldiers fighting in the Iran-Iraq war in [the images](#) and videos covering their work.

Economic implications

Iran is already facing financial difficulties, largely as a result of US sanctions, corruption and the recent sharp drop in oil prices. The coronavirus catastrophe has made the overall management process difficult to control by forcing the limits of the available capacity of services.

Iran has requested financial aid from the IMF, China and Japan to support its efforts to combat the outbreak. While [China and Russia called](#) on the US to lift sanctions on Iran, [the US government imposed new embargos](#) on the country. Although the US has [emphasized on several occasions](#) that sanctions against Iran do not include drugs and foodstuffs, in reality, due to restrictions on bank transfers, imports of essential goods have become unmanageable. For instance, the foreign bank accounts of the Iranian Red Crescent have been closed due to the US sanctions. The Iranian Red Crescent Society stated: "Sanctions have hampered money transfers to supply the country's needed medicines." The WHO has sent Iran diagnostic kits and protective equipment for healthcare workers, including 7.5 tonnes of medical supplies.

As the Iranian economy is dominated by oil and gas production, the Covid-19 outbreak has affected negatively the country's economic relations with China, which is the sole customer of Iranian oil. With the suspensions of flights from China, Iran's automobile industry was also damaged since the country imports parts and raw materials from China for production. Iran's trade with neighbouring countries was also affected. The spread of Covid-19 to Iraq from Iran resulted in the closing of the border at a time where the [trade volume of two countries had increased by 26 per cent](#). The epidemic is likely to make it difficult for Iran's non-oil goods to reach regional markets, and the Iranian economy will likely be subject to more significant shocks in the short term. Manouchehr Salmanzadeh, General Manager of the Highways Authority International Transport Office, explained that Iran's border with three countries was partially closed due to the coronavirus, operating one-way trade. He added that [the country's total trade volume has decreased by 18 per cent](#). Inside the country, cancellations of hotel reservations for the Iranian New Year holiday in Shiraz and pilgrimage visits to Mashhad will add to the economic damage in the short term.



Shops in are closed in following a decision to shut all workplaces excluding those classified as 'essential services', as a precautionary measure against further spread of the corona virus (COVID-19), Tehran, March 23, 2020. (Fatemeh Bahrami - Anadolu Agency)

Expert Views

Experts from various fields provided their views on the following questions:

1 Why has Iran seemingly failed to manage the crisis and why is there a widespread belief that the government sought to hide the extent of the outbreak from the public?

2 What are the potential impacts of the COVID-19 outbreak on the Iranian economy?

3 Could the outbreak bring renewed civil unrest to Iran?



Dr Hakki Uygur
Acting President - IRAM Centre

This is mostly due to the Iranian style of governance. It is not the first time and probably will not be last time they try to manage a crisis by hiding real facts. They did so last November by concealing the number of casualties during demonstrations. They also denied the shooting down of a Ukrainian passenger flight for three days despite all eye witnesses accounts and video records. We have had lots of reports of illness related deaths in Qom, however, officials did not take it seriously and even threatened the people to “not spread the enemy’s words.” They did not take any serious measures and even rejected the proposal of the Turkish Minister of Health regarding the necessity to place Qom under quarantine, arguing that that it was a method from the previous century. Even Mr Rouhani said in the first week of March that the situation would normalise within a

week. One of the possible reasons for such acts is related to the economic and political crises, which the state has faced since the Trump sanctions. Officials thought it [the outbreak] could be source of panic and could affect the country negatively, which is already in very fragile situation.

Terrible impact, because neighbouring countries are the most important mediators to avoid or bypass the sanctions for Tehran and now almost all countries have closed their borders. We will likely see faster destruction of the Iranian economy and see more flexible political elites to negotiate with the US in terms of nuclear activities or other disputes issues.

Yes, it is very likely, unless the government takes the key initiative to solve structural problems in domestic and foreign policy. Since we have not seen any flexible steps in domestic policy, for instance, during Parliament elections, it is becoming impossible to reach a deal with the US. Otherwise, we will be witnessing large demonstrations against the regime that will probably be much different from previous incidents.



Professor Shahram Akbarzadeh
Middle East and Central Asian Politics - Deakin University, Australia

Because Iran is a closed society, the leadership does not report on shortcomings and problems because they are seen as failures for the regime. Bad news reflects badly on the ruling regime. So, they tried to ignore the health crisis and continued to issue rhetorical proclamations about overcoming this new challenge by remaining steadfast to Iran’s revolutionary ideals. That only allowed the spread of the virus.

it is safe to assume that the Coronavirus will result in the closure, or slowdown, of some businesses. This will have a devastating impact on the economy, which has already suffered a 10% contraction in 2019 as a result of US sanctions.

It is difficult to be exact. The government does not release reliable data, and many small private businesses may not report their performance. Nevertheless,

There is serious angst against the regime for its mishandling of the crisis. The population has lost faith in the system. There is a pattern of incompetence and deceit that has alienated the population. Furthermore, there have already been several spontaneous public protests against the regime. They took place in 2019, and also in early 2020 after the downing of the Ukrainian airliner. Yet again, given the contagious nature of Coronavirus, the outbreak of public protests is unlikely in the short run. However, once the health crisis is over and people have less fear of catching the virus in a public rally, public expressions of dissent and dissatisfaction are very likely.



Negar Mortazavi
*Iranian-American Journalist and
Commentator - Washington DC*

Officials did not take the virus seriously. There was also a key political event, the parliamentary election, and is widely believed that they did not want to discourage voter turnout. Also, the virus first started spreading in the holy city of Qom, which resulted in a confrontation between powerful religious figures and public health officials. If this were in Tehran, it would have been handled very differently.

It is going to sink further an already struggling economy that's suffering harsh sanctions from the US and lots of internal mismanagement and corruption within the system.

Protests and rallies need a spark. However, this will definitely add to people's long list of grievances, and the public mistrust in the system, which has already been shattered after November protest crackdowns, and the downing of the Ukrainian flight by the IRGC. If the government handles this crisis well, it can open doors for reconciliation with the public. If this crisis is not contained and handled well, it will just add more to the pile.



Naysan Rafati
*Senior Analyst, Iran, - International
Crisis Group*

The full scale of Iran's COVID-19 outbreak is still emerging, but it is quite substantial both in terms of confirmed cases as well as fatalities. So far it appears as though the initial government response was overly dismissive of the risks and too slow to respond as the contagion spread around the country. Moreover, despite steps such as school closures, mobilising the military and limiting travel, other more restrictive steps such as quarantines have yet to be taken but could prove necessary should the virus continue to spread.

Iran's economy was already facing severe challenges, particularly as U.S. sanctions limit crude exports. Last

year GDP growth was estimated by the IMF at -9.5 per cent, and expectations were for zero per cent growth in 2020. Nevertheless, the impact of COVID-19 could make a difficult situation even worse: what oil Iran still sells to China could drop, and also deliver less revenue per barrel in light of collapsing prices. However, the non-oil business could also take a hit as neighbouring states limit crossborder travel and trade.

There is no question that in recent months the Iranian government has faced public dissatisfaction over economic stagflation and political stagnation. Late last year this manifested itself through demonstrations that were violently suppressed, and the downing of a civilian airliner in January only added to a sense of mismanagement and bungling by the system. The longer and more troubled the response to COVID-19 goes, so too will the political and economic costs rise, further fuelling dissatisfaction over government policies.



Professor Mehmet Akif Okur
*Political Science and International
Relations - Yıldız Technical University*

There are multiple interpretations to explain the failure of the Iranian government concerning the early phases of the outbreak. One of them involves the turnout rate in the parliamentary elections and the legitimacy of the regime. For this, high turnout in the elections would help improve the legitimacy of the government. Another interpretation underlines the close relations between Beijing and Tehran. This proximity opened the way for a great mistake. Iran did not close its doors to travels from the virus hit regions of China. The desire to show solidarity with the powerful Asian partner created huge harm for both the Iranian people and the state. Some objections on whether the Qom would be put under quarantine also seemingly escalated this chain of

failures.

It is clear that existing sanctions towards Iran may escalate the negative effects of the Corona outbreak. However, Iran has a widespread health system and local infrastructure to produce basic medicine and medical tools. Iran's connections with China and India also offer opportunities to acquire the necessary supplies to manage this crisis. But still, the price will be high and already depressed people may feel more distrust towards the system.

The outbreak itself constitutes a real barrier preventing such a wave of protest. However, what is dangerous to the Iranian establishment is that the people are feeling insecure because of the incompetence of the state bureaucracy in fields related to very basic aspects of the citizens' daily life. Corona is just the last added ring to this chain. So, it would not be a surprise to see the cumulative effect of it in the streets after the outbreak is over with a possible triggering event.



Dr Gulriz Sen
*Department of Political Science
and International Relations - TOBB
University of Economics and
Technology*

Iran failed to respond to the outbreak of coronavirus in its full capacity by resisting pressures to put the religious city Qom under quarantine. The constant movement of people mostly pilgrims in and out of the city, convening of religious processions and prayers provided the epidemic a propitious ground to spread. Moreover, given the fact that the outbreak corresponded with Iran's parliamentary elections, hesitance to postpone the elections seemingly added to the dissemination of the disease and resulted in the infection of many politicians, who frequently contacted with people and each other in the course of elections.

Iran's economy has been massively targeted by Trump Administration's sanctions under the maximum pressure strategy. Rising inflation and unemployment has led to serious strains on Iran's middle and lower classes. Besides, sanctions put an enormous burden on the supply of medicine and health products, which are currently decapacitating Iran's response to the outbreak. In

economic terms, the coronavirus has [already] resulted in the contraction of economies globally by hampering trade and financial transactions. Borders are increasingly closed. Oil prices suffered from a major fall. All of these dynamics have negative ramifications for Iran's already faltering economy. That is why Iran recently asked for \$5 billion of emergency funding from IMF to step up its fight with coronavirus.

Due to the rise of social distancing related to the fear of crowds and self-imposed quarantine, demonstrations are less likely to happen now. It is also significant to bear in mind that the historical pattern of society's growing dependence upon the state to deliver public goods and services during times of crisis is most likely to repeat itself in this recent case. Furthermore, Iran puts the blame on the American sanctions for the failures and inadequacies in its response to tackle the virus outbreak, which is true to a certain extent. However, many people also rightly blame the political authorities for the mismanagement and lack of transparency at the earlier stages. As such, the crisis is a mixture of domestic and external factors. The future of protests will be shaped by the state's performance and Iran's resilience to cope with this public health crisis. Mismanagement risks deepening the wounds in state-society relations.



Ali Hashem
*Research Fellow, Centre for Islamic and
West Asian Studies, Royal Holloway,
University of London*

There were many aspects that led to what Iran is facing nowadays. First, the underestimation of the outbreak prompted Iranian officials to deal with the situation in a very cold manner, and even negligence, the intertwining between the discovery of the first cases and the Iranian parliamentary election added to the problem with the establishment in Tehran aiming for a turnout that would send a political message to its foreign rivals. The clash of priorities here caused a larger outbreak with people queuing in millions around the country to vote, exposing themselves to more threat of catching the virus, it is not strange that many Iranian officials and public figures caught the virus on a very early stage, whereas some of them died just a few days after contracting Corona. Nevertheless, this is one aspect of the whole picture. The bigger picture tells us now that Iran's underestimation or mismanagement did not vary much from one of the much advanced countries, such as Italy, Britain, and now the US. It is becoming clear now that the crisis itself is bigger than any country's capabilities to counter, it is a global crisis, and the whole world is now straining with it. Iran could have prevented relatively limited the number of cases for some time. The worst thing about the virus outbreak in Iran is that it came just a few weeks after downing

- by mistake - the Ukrainian airlines plane near Tehran killing some 176, most of them Iranians. The approach the Iranian establishment adopted in dealing with the case by first denying the facts and later accepting them created a reason for people to be sceptical with what is being announced by Tehran.

The Iranian economy was making some advances during the past months, it was restoring itself gradually via internal dynamics, that was not enough to face the bite of the sanctions, yet it was helping in the path of resilience. With the coronavirus outbreak, it might be still early to touch on the impact, but for sure, it is not going to be easy. However, now with the virus hitting the world, it might be that Iran could be less hit than others. It is already exporting minimal quantities of oil, with sanctions limiting its financial relations with the world. However, the good thing is that the outbreak could help ease the sanctions on one side and test the financial vehicle set by the EU3 (INSTEX) along with the Swiss channel for humanitarian exchange.

For now, I prefer not to go into speculations on this. The virus outbreak was a black swan moment no one saw coming. Therefore, the implications and the new dynamics that are going to affect the Iranian system are yet to be thought of. As I said earlier, it is not about Iran only, the corona virus impact might even change how international relations are being conducted, not only internal politics, a slight but very telling example is Iran's request to the IMF for help.

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