



COVID-19 AND THE IRANIAN REGIME PART 1

Iran is Requesting a \$5 Billion Loan from the IMF - Democracies Must Vote NO

July 2, 2020

Key takeaways

- 1 | Iran is asking for a \$5 billion IMF loan, ostensibly to fight the coronavirus.
- 2 | Iranian dissidents and many Iran experts are opposed to Iran receiving this loan.
- 3 | Canada and other democratic countries should vote to refuse Iran's request.

Introduction

On March 6, 2020, the Central Bank of Iran conveyed a request to the International Monetary Fund (IMF) for a \$5 billion loan as part of an IMF pandemic emergency financing program.

Approval is decided by the IMF's Executive Board. Canada has a seat at this table. Louise Levonian, a Canadian civil servant detailed to the IMF, is an Executive Director responsible for voting on behalf of Canada and eleven Caribbean nations.

The Iranian regime has claimed that sanctions have severely impacted its ability to fight COVID-19, and that Iranians are dying as a result. That is untrue.

The United States has pledged to block the loan. Iranian dissidents are opposed to Iran receiving this loan as are many Iran experts. Canada and other democracies should support Iran's dissidents and vote against the IMF loan to Iran.

Iran has \$300 billion in available assets to fight COVID-19

Economic stimulus packages should come from the regime's \$300 billion in holdings which include \$90 to \$100 billion of foreign currency reserves and an estimated \$200 billion controlled by the Supreme Leader.

Trade data shows humanitarian aid is in fact flowing to Iran

Humanitarian goods are fully exempted from all Iran sanctions. Trade data and Iranian government officials confirm that Iran is receiving billions of dollars in essential goods to address its health crisis. The U.S. has permitted several Iranian banks to remain on the SWIFT financial messaging system to facilitate humanitarian trade. The U.S. Treasury and the Swiss government also established a humanitarian banking channel. Iran has imported \$15 billion in essential goods and medicine in the past year.¹

Iran has publicly stated it has the resources to fight COVID-19 and that sanctions are not impeding those efforts

Iranian officials have declared that sanctions are not impeding Iran's COVID-19 efforts.² On April 2, 2020, President Rouhani admitted that the regime's public relations campaign falsely claiming that Iranians are dying because of sanctions ultimately aims to convince the world to lift sanctions on Iran using coronavirus as a pretext.³ The regime has rejected U.S. offers for aid as well as assistance from Doctors Without Borders.⁴

Aid to Iran should be delivered through recognized NGOs and bypass this corrupt regime



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Tehran's record of corruption and diversion of aid to fund terrorism is well documented. The Islamic Republic ranks 146th among 180 countries, according to Transparency International's Corruption Index. Iran's "rampant corruption and money laundering practices are rooted in a financial structure that runs contrary to IMF rules by operating multiple currency exchange rates. ... Tehran relies on its multiple rates as a means of distributing political spoils, by granting regime loyalists access to hard currency on favorable terms."⁵ The FATF has also kept Iran on its blacklist, for failing to address concerns regarding money laundering and terror financing. Iranian officials themselves admitted that a billion dollars of COVID-19 aid has "disappeared". Concerns regarding the abuse of humanitarian

aid are heightened because Iran's COVID-19 efforts are led by the IRGC which coordinates Iran's global terrorism efforts and controls large swaths of Iran's legal and illicit economies."

“The IMF loan ... will have no impact on the country’s ability to purchase humanitarian goods”

Iran already has ample resources to fight COVID-19 and has publicly stated that it can meet its COVID-19 obligations regardless of U.S. sanctions as detailed above. Iran also has access to more humanitarian aid through existing avenues. As noted⁶ by Iran expert Patrick Clawson at the Washington Institute for Near East Policy:

“For one thing, Iran already has immediate access to \$2.8 billion in existing funds from the IMF without drawing up any new loans—\$700 million in its “reserve tranche” and \$2.1 billion in Special Drawing Rights. This money is available without condition, yet Tehran has made no effort to use it during its ongoing health and economic crises. More important, the regime holds at least \$90 billion in foreign exchange reserves, a large portion of which are now accessible. These factors raise questions about Tehran’s motivations in applying for the loan. Furthermore, Iranian authorities and media outlets have focused on whether U.S. officials will block the loan, implying that if it goes through, it will represent a defeat for the Trump administration’s maximum pressure campaign.”⁷

“To be sure, Tehran has had much difficulty accessing its foreign exchange reserves for humanitarian trade because of U.S. restrictions on transactions with the Central Bank of Iran. Yet an IMF loan would have exactly zero impact on that issue. What does help on that front is Treasury’s quiet policy change in March to allow foreign transactions with the Central Bank for the purpose of countering coronavirus. Exporters are already leaping at this opportunity in South Korea, where Iran holds many billions of dollars in reserves; the policy change applies to other key reserve locations as well. Thus, anyone concerned about getting medical supplies to Iran should be focusing on these newly accessible reserves rather than IMF loans.”⁸

“In short, the IMF loan controversy will have no impact on the country’s ability to purchase humanitarian goods. It is inappropriate for news outlets, EU governments, or anyone else to claim that blocking the loan will impede Iran’s access to such goods. The real obstacle lies in Tehran’s failure to use the many resources it can already access.”⁹

Iran's corruption and money laundering practices runs contrary to IMF rules

Furthermore, as noted by the Foundation for the Defense of Democracies (FDD):

"Iran's Islamic Republic's rampant corruption and money laundering practices are rooted in a financial structure that runs contrary to IMF rules by operating multiple currency exchange rates. While the IMF allows its members to operate multiple rates temporarily, Tehran relies on its multiple rates as a means of distributing political spoils, by granting regime loyalists access to hard currency..."¹⁰

Iranian Regime Economist Farshad Momeni:

"...In an interview with the state-run ILNA news agency, Farshad Momeni, while reacting to the regime's demand of a \$5 billion loan from the IMF, warned that due to the vast [corruption] within the regime and lack of a clear economic plan in the country, demanding a loan from a foreign party will be "A tool to expand and deepen corruption, incapability and unjustifiable economic backwardness and inequality." "While Iran had enormous oil revenues within the last few years, but this huge revenue, due to the [regime's] corruption and lacking a program have not only increased Iran's manufacturing potential and its global system ranking, but rather have pushed the country to an unprecedented fall to be among countries with a horrible expansion of corruption, the cheapest living conditions, and severe environmental crises," Momeni continued, highlighting these issues indicate that the regime "doesn't have the ability to use currency resources." Momeni further warned that due to the regime's vast and institutionalized corruption, "Soon, the foreign loan will be usurped and exported by some individuals, so the loan will be rather a foreign rent." "Some \$300 billion of the country's strategic foreign exchange resources in the last thirty years, under the pretext of the management of currency market fluctuations, which is actually the sale of currency by the government to cover its current expenses, have vanished into thin air; resulting in various other crises in Iran," Momeni added."¹¹

UPI: "Bad Timing" for Iran's Loan Request from the IMF | April 17, 2020

(UPI) – "Displaying a characteristically impeccable case of bad timing, Iran's Supreme Audit Court presented a devastating report to the Iranian parliament on Tuesday showing how \$4.8 billion had gone missing from government funds in 2018, pointing to massive corruption by the ruling mullahs. Coming at the precise moment the International Monetary Fund was considering the Iranian regime's request for a \$5 billion aid package to help them through the coronavirus crisis, the revelation was less than helpful."

"According to Iran's Supreme Audit Court report to the parliament, out of the foreign currency that the government sold at the official exchange rate during the Iranian calendar year of 1397 (March 21, 2018–March 21, 2019) to finance imports, more than \$4.82 billion has gone missing, meaning that these billions of dollars were not used to import any goods into Iran. This sum almost equals the \$5 billion loan that Iran has requested from the International Monetary Fund (IMF) to help it cope with the coronavirus epidemic."¹²

Iranian dissidents oppose to the \$5 billion IMF loan to Iran

a. A prominent group of Iranian dissidents and political and human rights activists of Iranian national origin have urged the IMF to refuse the loan

In a letter to the IMF the group stated:¹³

“This request, in our view, is not justified and is based on false pretenses ... “Iran holds high levels of foreign-reserve assets by the central bank that, according to the central bank, stood at about \$117 billion in December 2019. This amount covers more than 14 months of the country’s imports (as also confirmed in IMF 2018 report of Iran), a level generally considered very favorably relative to international standards.”

“We are deeply concerned about the well-being of our loved ones and the people of Iran and particularly troubled by the approach of the government of Iran in dealing with this pandemic,” the signatories wrote, adding: “We have strong reservations with respect to the provision of direct financial support by the IMF to the government of Iran and respectfully urge the IMF and the international community to focus their efforts and goodwill on helping the Iranian people through direct and well-targeted provisions of medical supplies and technical capacities.”

“We have the firm view that constant claims of the government of Iran in international media about problems with the import of medical supplies are misleading and based on inaccurate claims...” “According to its own official sources, Iran imported \$2.4 billion [worth of] pharmaceuticals and medical equipment and supplies in the 2018 fiscal year.” “As recently stated by its governor, Iran’s central bank provided \$4 billion in financing for the import of medicine and medical supplies in the first 10 months of 2019. As stated by Iran’s central bank, with steps taken, financing of medical supplies is assured,”

The signatories also posted a video on social media with the hashtag #DoNotEaseSanctions regarding Iran’s regime: “Writing on Twitter, Reza Behrouz, a prominent Iranian-American physician and dissident based in San Antonio, wrote: “the Iranians in the US + elsewhere in the world ask the US Govt not to ease sanctions on the mullah regime. The campaign calling for sanctions relief is a ruse by @JJZarif @NIACouncil to bankroll the regime’s atrocities. Not a dime is meant for fighting COVID19. #DoNotEaseSanctions”. Behrouz included the Twitter accounts of the Iranian Foreign Minister Mohammad Javad Zarif and the National Iranian American Council (NIAC) in his tweet. NIAC supported the Iran nuclear deal and is viewed by critics as an entity that supports appeasement policies toward the clerical regime in Tehran.”

b. Father of son gunned down by Iranian forces in protests: “Sanctions-lift will aid regime, not people”

“The father of Pouya Bakhtiyari, young Iranian mercilessly killed by the Revolutionary Guards during #IranProtests of November 2019. He asked me to relay this video to Persian-speaking & international news outlets. Bakhtiyari said in the video that “The regime will spend that money on relatives of officials. They will spend the money in Iraq, Yemen, Lebanon and Palestine. They will not spend it on Iranians,” adding that “any money the Islamic Republic receives, it spends it on its own needs rather than on the people.” He noted that “if the international community and the UN really want to help Iranians, they should help directly. I ask the World Health Organization to designate a representative in Iran and help Iranians directly.”¹⁴

For more information, visit [C-CATCanada.org](https://www.c-catcanada.org)

ENDNOTES

¹ <https://www.fdd.org/analysis/2020/03/10/trade-data-shows-sanctions-have-little-impact-on-iranian-pharma-imports>

² <https://twitter.com/AlinejadMasih/status/1243286627511869448?s=20>;

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³ <https://foreignpolicy.com/2020/03/31/the-coronavirus-is-absolutely-no-excuse-to-lift-sanctions-on-iran>

⁴ <https://www.aljazeera.com/news/2020/03/iran-leader-refuses-cites-coronavirus-conspiracy-theory-200322145122752.html>;

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<https://abcnews.go.com/International/iran-rejects-coronavirus-aid-amid-conspiracy-theories-sanctions/story?id=69775776>

⁵ <https://www.fdd.org/analysis/2020/03/26/imf-should-reject-islamic-republics-loan-request>

⁶ <https://www.washingtoninstitute.org/policy-analysis/view/opposing-an-imf-loan-to-iran-not-an-outlier-not-a-barrier-to-aid>

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ <https://www.fdd.org/analysis/2020/03/26/imf-should-reject-islamic-republics-loan-request>

¹¹ <https://www.ncr-iran.org/en/news/iran-regimes-economists-call-imf-loan-a-foreign-rent-which-will-be-wasted-due-to-regimes-institutionalized-corruptio>

¹² <https://www.jpost.com/middle-east/iran-news/iranian-dissidents-oppose-imf-loan-to-tehrans-rulers-623648>; see also:

<https://www.memri.org/reports/visions-post-coronavirus-world-%E2%80%93-part-iii-100-academics-and-political-activists-iran-tell>

¹³ <https://www.trackpersia.com/father-son-murdered-iran-sanctions-lift-will-aid-regime-not-people>

¹⁴ https://www.upi.com/Top_News/Voices/2020/04/17/Irans-corruption-may-block-IMF-coronavirus-aid/9881587124974