

**Labor Rights in Iran**

# **Special Report on Worker Strikes in the Oil, Gas, and Petrochemical Industry in Iran**



**Zamaneh Media**

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## Brief Introduction

Iran has the world's fourth-largest proven oil reserves and the world's second-largest proven natural gas reserves. Iran's economy is state monopolized and oil-dependent. As such, Iran's economy falls into a deep crisis whenever oil production and exports are disrupted, as demonstrated in the mid-1980s. Fossil energy resources and reserves contribute to a major part of the government budget, and any related change may affect its macroeconomic policies. The problems and obstacles that the oil and gas workers face in Iran are not limited to those caused by the macro economy of a rentier state and the oil market.

During the past three decades, Iran's oil industry has experienced a process of economic liberalism that has resulted in job and livelihood problems for its workers. The following report looks at these problems through their eruption during the oil and gas workers' strikes in July 2020, and in relation to international sanctions and the presence and influence of military institutions and supranational foundations in the industry.



Oil and gas infrastructure in south of Iran (Source: NIOC ©Fanack)

## The Oil Workers' Strike of Summer 2020

The working class in Iran was born alongside the oil industry. The first group of Iranian workers were immigrants who had been employed at the Baku's oil facilities since the second half of the 19th century. The importance of oil in the formation of the working class in Iran is signified in how the year 1908 is symbolically referred to as year zero of the formation of the working class in Iran - the year when oil was first discovered in Iran in the southeastern city of Masjed Soleiman.

By 1910, as many as 2,500 Iranian workers worked for the Anglo-Iranian Oil Company. Within eight years, this number reached 17,000, which at the time was equivalent to about 40% of the total labor force in Iran.



A group of striking workers in Kangan

For nearly the last century, the story of oil and workers has been a turbulent one. The oil workers' strikes in 1979 are probably the most dramatic chapter in this long history and had a decisive effect on the victory of the Iranian revolution.

In July 2020, a new chapter opened in this history: the contractual workers of the oil industry organized one of the biggest workers' strikes Iran has seen in the last three decades.

In 2020, oil and gas workers' strikes began on August 2nd with the call of the workers of the Central Piping Group and the Project Team. The call to protest and strike came when the negotiation between workers and contractors, as well as officials from the Ministry of Labor office and authorities of the Services Department of Special Economic Zones, failed. The workers demanded payment of deferred wages, a salary increase, reduction

of working hours, and improvements in work conditions.<sup>1</sup>

The strike spread with the help of social media and online messenger applications such as Telegram, and by the fourth week, it covered more than 50 oil centers and power plants in ten different provinces of the country. For more than a month, more than 10,000 energy contractual workers joined the strike in protest of job insecurity, low wages, salary payment delays, lack of safe and healthy working conditions, and inappropriate housing.

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<sup>1</sup> The workers of the “Central Piping Group and Project Team” who called for the strike are in fact skilled workers (including manufacturers, electricians, welders, plumbers, etc.) who have a special position in production and are not easily replaced because of their expertise, thus their collective abandonment of work would mean the closure of projects.

## Demands of Contractual Workers of the Oil, Gas and Petrochemical Industry

The syndicate demands of the oil, gas, and petrochemical contractual workers can be categorized in five general headings:

**A) Job security:** The main complaint, according to Mohammad Maljoo, an independent economist, is against “what is called triangular employment: a worker works for a governmental employer but is hired by a contractor company that acts as a broker.”

The workers' main demand is to have a direct contract with the main governmental employer and to eliminate intermediary contracting companies - at least the elimination of second-hand contractors - in the private sector.

**B) Decent wages and payment of deferred wages:** At the forefront of the workers' demands of the “Central Piping Group and Project Team” call was the problem of late or non-payment of wages and salary increases. In their call, they demanded a salary of between 4.5 to 12 million tomans per month for various levels of skills. The Supreme Labor Council, the governmental entity that calculates and announces the national minimum wage every year, set the 2020 minimum wage much lower than the amount the workers' representatives demanded. The amount was set without the consent of workers' representatives - who do have legal say in this and are often chosen from the Islamic labor organizations, which are government-approved unions. The amount was set also without considering the official inflation rate and the cost of the household subsistence baskets (which are the two criteria for determining the minimum wage under Article 41 of the Labor Law). The final 2020 minimum wage was set for one million and 835 thousand tomans. In an earlier common statement, independent labor organizations demanded an increase in the minimum wage to 9 million tomans.



Project workers – the dormitory and rest area in one of the petrochemical sites

During the strike, the oil workers wrote a letter to the Islamic Republic's Supreme Leader, Ali Khamenei, demanding that companies must be forced to pay their wages, benefits, and assurance rights in a manner commensurate with their job position. 12 years ago, in February 2007, the same demand was on the list of temporary workers' demands for South Pars Projects: full payment of deferred wages and an on-time payment of them. The South Pars workers also asked for social security and unemployment insurance, an increase in workers' wages based on the inflation and growth of labor productivity, and payment of 10% more for overtime work.

**C) Work in safe environments and under standard conditions:** In February 2007, the contractual workers of the South Pars projects asked for in their statement of demands a “suitable dormitory and bath” at their workplace. 12 years later, this demand still has no response. The working conditions of the oil contract workers are exhausting. During the day, they face long working hours in an environment filled with toxic gases and pollution coupled with a lack of safety tools. For rest, they get a dormitory bed in unsanitary and crowded Conex sheds and receive low-quality food. For the commute between the field and the dorms, they get non-standard transportation vehicles that often lack air conditioners in the fatal heat of summer - especially in the southern regions of the country where refineries and oil, gas, and petrochemical projects are based.

This summer, the temperature in some oil areas reached over 50 degrees Celsius. Government affiliated offices were closed, but the oil and gas contractors refused to close work or even reduce the working hours, resulting in tragic consequences. On 7 August 2020, Ebrahim Arabzadeh, a contractual worker of the South Tehran Company (Bandar Mahshahr reservoirs and storage facilities) died due to overheating during work.<sup>2</sup>

Project workers – the dormitory and rest area in one of the petrochemical sites  
According to Article 96 of the Labor Law, the General Inspectorate of the Ministry of Labor and Social Affairs is responsible for monitoring the proper implementation of the Labor Law and observing the rules of technical protection and safety.

**D) Legal contracts:** From February 2007 to July 2016, oil, gas, and petrochemical workers have demanded the elimination of illegal contracts, which include oral contracts and signatures on white contract, a common practice in which terms are not written at the moment of signing. They have also constantly objected to illegal parts or clauses within the contracts (for example, when the duration of work is set at less than 15 days, etc.). Contractors do not even abide by or implement the content of these contracts. Additionally, in “special economic zones”, workers are not subject to the minimum benefits of the labor law.

**E) The right to collective organization and negotiation:** Due to the historical sensitivity of Iran's regime on oil workers and oil's decisive role in the Iranian economy, the oil industry work environment is highly securitized governmentally. No worker organization is recognized officially by the state. Protests result in job contracts not being renewed. For repeated protests, the workers not only lose their jobs, but their names are also added to the “blacklist” of contractors. Workers are demanding recognition of their right to organize, form syndicates, and go on strikes, as well as the elimination of the legal and security prosecution of workers and labor activists.

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2 [ILNA](#), 29 July 2020

## The July 2020 Oil Strike Timeline

Date	Description of Event
29 July	<ul style="list-style-type: none"> <li>The strike committee announced the demands of the piping workers and the project team to the contractors. The committee asked the workers of all projects "from Tabriz to Urmia to the south of Assaluyeh, Bandar Qeshm, Lamerd, Abadan, Mahshahr, Jafir Ahvaz, Bushehr, and the Isfahan refinery" to stop working for 20 days starting on 1 August and move to their cities of residence with the message, "Go home, they will come to search for you".</li> </ul>
1 August	<ul style="list-style-type: none"> <li>The strike began when a group of workers stopped working in Qeshm Heavy Oil Refinery, Exir San'at Company in 13th Phase of Bandar Tonbak, Parsian Sepehr of Lamerd, 2nd Phase of Abadan Refinery, and 1st, 2nd, 22nd and 24th Phases of South Pars Kangan, Sina San'at in Pars Phenol Petrochemical, Azran Gostar Company and Avijeh San'at Company in Qeshm Heavy Oil Refinery, Urmia Combined Cycle, Sabalan Petrochemical Company, Tanavob Company in 14th Phase, Company Petro-Hamgam of Mahshahr, Bou'ali Petrochemical Company, Hengam Petrochemical Company, Abadan Refinery, and IGC Company.</li> </ul>
2 August	<ul style="list-style-type: none"> <li>A group of workers from Jafir refinery near Ahvaz, workers from 14th phase of Southern Pars, Southern Pars Petro-Refinery in Bushehr and workers of "Tehran Hino" company in Mahshahr Refinery, and Kangan Refinery workers joined the strike.</li> </ul>
3 August	<ul style="list-style-type: none"> <li>A group of workers of Bidkhood power plant in Assaluyeh, Tabriz Combined Cycle Power Plant, Tehran Roudshor Power Plant, and Mapna Boiler Power Plant in Mashhad joined the strike.</li> <li>The special governor of Abadan on provincial television called the strike the "divisive call of one of the affiliated and hostile foreign-based media" and said that the call "by abusing the demands of the oil workers" had led to a "deviation" in demands and misusing by divisive people.<sup>3</sup></li> </ul>
4 August	<ul style="list-style-type: none"> <li>A group of workers of Tabriz thermal and gas power plant at 16 km of Tabriz-Azarshahr road joined the strike, as well as the Isfahan refinery workers and Mahshahr petrochemical workers.</li> <li>The employer of the striking workers in Iranshahr Power Plant agreed to increase the salaries of welders to 12 million tomans as well as increasing the salaries of other job positions.</li> </ul>
5 August	<ul style="list-style-type: none"> <li>The strike spread to 28 energy centers across the country.</li> </ul>
7 August	<ul style="list-style-type: none"> <li>Expansion of the strike to 42 oil and gas and petrochemical centers, and power plants in ten provinces of Iran including Khuzestan, Hormozgan, Bushehr, Isfahan, Fars, West Azerbaijan, Sistan and Baluchestan, Tehran, Khorasan Razavi, and Ilam.</li> </ul>
13 August	<ul style="list-style-type: none"> <li>Ali Jamadi, the Chief Justice of Bushehr Province, announced the deferred wages payment of the workers of eight active contracting companies in the Special Zone of Southern Pars in Assaluyeh.</li> </ul>



15 August	<ul style="list-style-type: none"> <li>• The Syndicate of Metalworking Mechanics announced the number of striking workers in oil zones to be more than 10,000.</li> <li>• The Central Piping Group and the Team of Organized Strike Projects issued a statement that extended the strike time until 5 September.</li> </ul>
17 August	<ul style="list-style-type: none"> <li>• Petroleum Minister Bijan Namdar Zanganeh tried to absolve the government of responsibility by saying that the protests in some places were related to “second-hand contractors” and “had nothing to do with oil”.<sup>4</sup></li> </ul>
27 August	<ul style="list-style-type: none"> <li>• The organizers made their last strike in a statement toward the contractors emphasizing their demanded rights. They stated that in companies where the employer does not comply with the workers' demands, the strike will continue indefinitely.</li> </ul>

Although the strike was widespread, it did not start simultaneously in all centers nor did it end in a day. However, workers' deferred wages were paid in many areas. Some contractors also agreed to increase salaries.

Marjan Petrochemical, Sabalan, Arian Polymer, Pasian Ide-Nama, Arsen Tose'eh Engineering and Manufacturing Company, Satrap san'at Randman Engineering Technical Company in Sabalan Petrochemical, contracting of Afshin Shojaei, Dariush Behroud, Haji Gholi Amini, Limochi Contracting, Limouchi contracting of South Tehran Petrochemical Company, Gama Petro-refinery Company, and Zagros Nasb Peimankaran Company accepted the installation of the demands of the striking workers.

Abadan refinery offered to increase workers' salaries by two million tomans, but the workers did not accept. In the 14th phase of Southern Pars, the workers did not accept the increase in wages to 8 million tomans as sufficient and rejected it.

4 [ILNA](#), 17 August 2020

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## Dismissal and Unemployment of Workers in the Light of Sanctions

The United States officially withdrew from the JCPOA on 8 May 2018. 180 days later, on 4 November 2018, oil sanctions were re-imposed. The United States then tried to reduce Iran's oil exports to zero with a maximum pressure campaign that included sanctions of its oil industry.

Exactly one day after the reimposition of the US oil sanctions, a group of Hoveyze youth in Khuzestan province gathered in front of the Azadegan South Oil Development Company to protest youth unemployment and the non-employment of the province. Two weeks later, a similar gathering was held in Dehloran, Ilam, to protest unemployment and the non-employment of local forces in Dehloran oil and gas companies. Since then, along with more pressure of sanctions, declining revenues and stopping oil projects; news of unemployment, firing of workers of oil, gas and petrochemical projects, and protests increased day by day.

On 20 August 2018, the Iranian Minister of Petroleum announced that French company Total has officially left Iran. With Total's departure, some projects were stopped, especially in Assaluyeh. The most important suspended project was related to the development of the 11th phase of Southern Pars in Assaluyeh.

On 22 December 2018, Vahid Sheikhi, a member of the board of directors of the Union of Oil, Gas and Petrochemical Exporters said that the country's bitumen factories had been shut down.

In February and March, the fired workers of the North Azadegan oil field and phases 22 to 24 of Southern Pars gathered several times to protest their dismissal. The dismissal of workers in the energy sites of Mahshahr Special Zone led to the governor of this city to ban firing workers. However, the process of firing petrochemical workers in Bandar-e Imam Mahshahr continued. In March 2019, Iranian media reported the closure of the Pirouzi Oil and Gas Refinery of Shahroud. News agencies reported a "cessation of feeding process" as the reason for the refinery's closure. With the closure of the refinery, 680 workers lost their jobs.

In May 2019, 263 fired workers of the South Pars project in Assaluyeh, all with university degrees, wrote in a letter to the Petroleum Minister Bijan Namdar Zanganeh that they had no base income to support themselves and were "collecting dry bread".

## Protests in Oil, Gas, and Petrochemical Sectors June 2018 – January 2019

Date	Protesters	Subject of protests	Form of protests	Province
1 July 2018	National Drilling Company	Deferred wages of more than two months	Quitting work and gathering at work	Khuzestan
4 – 8 July 2018	Gachsaran Petrochemical Complex	Non-payment of wages to more than 80 contract workers	Gathering in front of management building	Kohgiluyeh Boyer-Ahmad
11 July 2018	Kangan Gas Refinery	Firing employees	Unemployed staff of the Security Guard of Phase 19 of South Pars closed the doors of the refinery	Bushehr
25 July 2018	Mahshahr Petrochemical Complex	Postponement of demands and non-implementation of the job classification plan	Gathering at work	Khuzestan
6 August 2018	Oil workers of Falat Ghareh	Reduction of wages by 500,000 tomans	Gathering at work	Khark
18 August 2018	Oil Company trainees in Dasht-e Azadegan	Not being hired after two years of internship	Gathering in front of the office of the representative of Dasht-e Azadegan in the Parliament of Iran	Khuzestan
29 August 2018	Kok Sabz Company workers	Deferred wage	Strike	Khuzestan
28 August – 18 September 2018	Farabi Petrochemical workers	Deferred wage claims and non-implementation of the job classification plan	Strike (3-day hunger strikes)	Khuzestan
6 – 8 September 2018	Assaluyeh Petrochemical 20th and 21st phases	Deferred wages for 2-5 months	Gathering in front of the office of contracting companies	Bushehr
17 October 2018	Qeshm heavy oil refinery workers	5 months of deferred wage and not being under the protection of the labor law (companies and production units in the free zones are not constrained by the provisions of the labor law)	Strike	Hormozgan

21 October 2018	Workers of Iran Well Services Drilling Company	7 months of deferred wages	Gathering in front of the company	Khuzestan
20 October – 31 October 2018	Farabi Petrochemical workers in Mahshahr	Deferred wage claims and non-implementation of the job classification plan	Strike	Khuzestan
29 October 2018	Workers of Abadan Refinery Transportation Department	One month of deferred wage and no increase in the minimum wage	Strike	Khuzestan
9 November 2018	Bisotoun Petrochemical contractual Workers	Low wages, non-payment of productivity bonuses and unfair working conditions	Gathering at work and hunger strike	Kermanshah
1 December 2018	Contract workers of phase 2 of Abadan refinery	Non-payment of salaries	Gathering in front of the contractor's headquarters	Khuzestan
5 December 2018	Petrochemical Company workers	Arrears and non-transparent employment	Strike	Ilam
11 December 2018	Workers of Bandar Khomeini oil tanker disinfection sites	In protest of the issuance of a permit to launch a new disinfection site in the port transport terminal	Gathering in front of the representative of the Parliament	Khuzestan
11- 18 December 2018	Farabi Petrochemical workers	Failure to implement the job classification plan and deferred wage	Gathering and strike at work	Khuzestan
22 December 2018	Andimeshk gas stations' workers	6 months of deferred wages	Strike	Khuzestan
8 January 2019	Petro Pey Qeshm Company workers	4 months of deferred wages	Gathering at work	Hormozgan
8 January 2019	The official workers of the Oil Company	Livelihood problems	Gathering in front of the Parliament	Tehran
15 – 17 January 2019	Workers of the 2nd site of the Petrochemical of Assaluyeh	Deferred wages	Strike	Bushehr
16 January 2019	Workers of Petrochemical Engineering, Installation and Maintenance Company (Rampco)	5 months of deferred wages	Strike	Bushehr
21 January 2019	Workers of Bidboland Persian Gulf Gas Refining Company	Wages demands	Strike	Khuzestan

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## The Process of Temporalization of Workers in the Oil Industry

Although the direct impact of oil sanctions on the employment and living conditions of workers in this industry is undeniable, the structural roots of these problems nowadays must be sought in the historical context of post-revolutionary Iranian political economy developments.

During the past three decades, the energy industry in Iran, along with other economic sectors, has experienced an increasing process of privatization, temporalization, and cheapening of labor.

In his research on this subject, the economist Mohammad Maljoo separates the five steps or stages of the process of temporalization and reduction of labor force in the oil industry as follows:

**1) Oil Workers: from Blue-Collar to White-Collar:** Labor laws are converted into employee laws in the early 1990s, in which workers lost some of the labor benefits and rights recognized in the labor law.

**2) Retirement and Redemption:** The legal and administrative framework is provided for “voluntary early retirement and seemingly voluntary but truly compulsory redemption” with the goal of downsizing the government.

**3) Launching Outsourcing in the Oil Industry:** There have been major waves of outsourcing labor, from support services such as vehicles and kitchens to refining activities such as oil and bitumen.

**4) The Rapid Emergence of Contracting Companies:** The function of these contracting companies in practice has been to conclude the best temporary employment contracts for the benefit of employers and to the detriment of workers.

**5) Preparation of Legal Grounds and Interpretations for Concluding Temporary Contracts:** These grounds come from within the labor law or through rules that have caused the emergence of different types of labor based on the type of employment relationship between worker and employer: contractual worker, white contract signed worker, daily worker, workers without a contract, hourly worker, oral contract worker, contract worker, and volume contract worker<sup>5</sup>, etc.

By the beginning of this multi-stage process, the number of official workers in the oil industry dropped from about 54,000 in the early years of the revolution to 31,854 in 1997 (according to official statistics from the Ministry of Petroleum).

Between 1997 and 2005, a probable number of 45,000 to 67,000 of official oil workers were either retired or redeemed in various forms, and about 50,000 were likely to be regulated.<sup>6</sup> As the oil and gas industry grew, so did the contractors. Therefore, thousands

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5 In this type of contract, only the volume of work and the price of each unit of work are specified, and it is not clear how many workers and under what terms and conditions.

6 [Critique of Political Economy](#), 12 December 2012

of temporary and contract workers in all four companies under the Ministry of Petroleum (National Oil Company, National Gas Company, National Petrochemical Company and National Company for Refining and Distribution of Petroleum Products) replaced the official workers.

In 2011, according to the Deputy Director of Human Resources Development of the National Oil Company at the time, out of the 220,000 employees of the Ministry of Petroleum and its subsidiaries, about 120,000 people, or about 55%, were contracted workforce.<sup>7</sup> In those years, only 200 contractor companies who supplied laborers were active in the Abadan oil refinery.<sup>8</sup>

The process of temporalization of the oil industry labor force has continued during the past decade. There are no accurate statistics on the number of contractual workers in the oil industry, their field of work, and the type of their contracts in recent years. It is estimated that currently 70% of oil industry workers are parties to contract companies.<sup>9</sup>

The latest figures provided by Ministry of Labor's officials show that at least 106,000 contract workers are covered by the Labor Law in the oil industry.<sup>10</sup> However, this does not include white-contract signed workers, oral contract workers, and workers in oil and gas and petrochemical projects in free trade zones that are not covered by labor law.

Unlike workers who lack organization rights, labor supplying contracting companies are well-organized and are often members of entities with vast connections to government bodies and power networks. One example of an entity these contracting companies are a member of is the "National Syndicate Association of Service, Support and Engineering Company Employers," which has strong links to government decision-making and policy-making pillars at various levels.

The process of temporalization of contracts and cheapening of labor in the oil, gas, and petrochemical industries has also been accompanied by violations in occupational health standards and a decline in workplace safety, particularly in regards to transportation vehicles and workers' accommodation. Most contractual workers working on oil projects live on-site and in overcrowded, non-standard dormitories. In the aftermath of the coronavirus outbreak, oil and gas project workers in Assaluyeh and Kangan warned in an open letter about the dangers of the pandemic in workplaces and dormitories. Despite the coronavirus situation in the oil, gas, and petrochemical industries, the Ministry of Petroleum, while opposing the temporary suspension of work, issued an order in March 2020 banning all institutions and companies under the ministry from publishing statistics on coronavirus patients and talking to the media.<sup>11</sup>

Despite the continuing wave of unemployment, temporalization, and firing of oil workers, officials close to Hassan Rouhani's government complain about the existence of surplus labor in the industry. They also complain about the irregular employment and labor use imbalance in the sectors of development, implementation, production, operations, and headquarters, especially between 2005 until 2013. According to Ali Golmoradi, a representative and member of the Energy Commission of the 10th parliament, "the oil

7 [Fars News Agency](#), 16 September 2011

8 [Iranian Workers' Solidarity Center](#), quoted from ILNA, 25 June 2015

9 [Radio Zamaneh](#), 5 August 2020

10 [IRNA](#), 22 July 2020

11 [Radio Zamaneh](#), 12 March 2020

industry is somehow facing both a surplus and a shortage. There is a severe surplus in the headquarters (security and law enforcement) ... and a shortage of labor in the operational sector.”<sup>12</sup>



On 11 June 2020, Omran Roshani Moghaddam, a 33-year-old contractual worker in the security sector, hanged himself in oil well No. 19 in the Yadavaran Hoveyzeh oil field in Khuzestan province. He had not been paid his wages for several months and that morning his employer rejected his request for financial assistance. Fars state news agency wrote that his suicide, is “one of the tens and maybe hundreds” cases of suicide of contractual oil workers in recent years. ([Fars News Agency](#), 4 July 2020)

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12 [Oil and Energy News Base](#), 14 June 2020

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## The Oil Industry: an Economic Liberalism or Militarization

The process of contractors and the private sector entering the oil industry has been facilitated by the macroeconomic policy-making calendar in Iran. These policies have evolved since 1989 to rebuild capitalist relations and execute neoliberal economic policies.

With the end of the war and in the face of the economic crisis and recession, the leaders of the Islamic Republic executed structural economic adjustment policies under the supervision of the International Monetary Fund and the World Bank on the agenda. This resulted in the first development plan codification (1989-1993) that had the main axis: the “transfer of shares in state-owned and nationalized industries (except for large and parent industries)”.

According to Article 44 of the Constitution, ownership of large mines and industries, including the energy industry, is “public and owned by the government.” According to the Statute of the National Oil Company of Iran in 1978, all upstream and downstream activities are exclusively at the disposal of this company.

Since 1993, the Iranian authorities have tried to provide the necessary background for attracting foreign investors in the energy sector by using the pattern of “mutual sale” contracts.

The 19 April 2000 Resolution No. 14/46 of the Supreme Administrative Council also made it possible for the Ministry of Petroleum, like other ministries, organizations, and governmental institutions, to assign its services and support (vehicle, printing and publishing, kitchen, public services and facilities to the non-governmental sector.<sup>13</sup>

Article 33 of the Third Development Plan (2000-2004) obliged the government to “assign the activities related to the refining, distribution and transportation of petroleum products and its main and subsidiary products (...) to domestic real and legal persons”.<sup>14</sup> With the announcement of the general policies of Article 44 of the Constitution (2005-2006) by the Supreme Leader of the Islamic Republic, the privatization of “large industries, mother industries (including large downstream oil and gas industries) and large mines (excluding oil and gas)” began.<sup>15</sup>

Khatam al-Anbiya Construction Headquarters is one of the largest contractors in upstream and downstream projects in the oil, gas, and petrochemical industries.

The significant point about the growth and deepening of economic liberalism in Iran is that its process and timeline coincided with the expansion of economic activities of the Islamic Revolutionary Guard Corps (IRGC) in Iran. The IRGC entered the economic arena with the establishment of the Khatam al-Anbiya Construction Headquarters in 1989, at a time when structural economic adjustment policies were on the agenda. In the last three decades, whenever the privatization process of government institutions has intensified, there has been expansion to the same extent of the economic activities of the IRGC, its affiliated companies, and related trans-governmental foundations. This has been particularly evident in the oil industry.

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13 [Islamic Parliament Research Center Of The Islamic Republic of IRAN](#)

14 [Islamic Parliament Research Center Of The Islamic Republic of IRAN](#)

15 [Ministry of Cooperatives, Labor, and Social Welfare](#)



With the permission of the Supreme Leader of the Islamic Republic of Iran , Khatam al-Anbiya Construction Headquarters affiliated with the IRGC and officially entered oil, gas, and petrochemical projects in late 1998. Within a decade, it became one of the largest contractors in upstream and downstream projects in the oil, gas, and petrochemical industries. Khatam al-Anbiya Construction Headquarters is the main shareholder of Sadra Marine Industrial Company, one of the largest contractors of Iran's offshore oil and gas projects. Other contracting companies active in the oil and gas industry affiliated with the IRGC, including the Khatam al-Awsiya consortium, whose main shareholder is the camp of Khatam al-Anbia.



Khatam al-Anbiya Construction Headquarters is one of the largest contractors in upstream and downstream projects in the oil, gas, and petrochemical industries.

These companies affiliated with the IRGC benefit from a kind of monopoly in the field of oil and gas. In recent decades, and in parallel with international sanctions, they have concluded multibillion-dollar contracts without “tender offer formalities” for the development of fields, refineries, storage tanks, and oil and gas pipelines.<sup>16</sup>

Parviz Sedaghat, an independent economist, told Zamaneh: “the presence of institutions belonging to armed forces in the economy accelerated in the early 2000s and peaked in the late of the decade, and now seems to be in many key sectors of the economy, such as the financial sector, the oil and energy sector, the telecommunications sector, the petrochemical sector and base metals, and contracting large projects are at the helm of economic command. The increase in the power of armed forces and security institutions in the Iranian economy occurred in three ways. The first is that these institutions themselves engaged in economic activity in all the years after the Eight-Year War between Iran and Iraq, and established economic enterprises directly, and with the help of security support and intelligence rents, they were able to rapidly become powerful. Second, they contracted many large government contracts and public non-governmental

<sup>16</sup> Hamed Saeedi, Political Economy of the Presence of the Revolutionary Guards in Iran's Oil and Gas Industry, [Criticique of Political Economy](#) website

organizations. Third, in privatizations, profitable industries and activities were assigned to them.”

Sedaghat explains that “as economic actors, these institutions benefited greatly from neoliberal economic ideologies and policies. First, the presence of these institutions in the financial and banking sector was possible by the law on the activity of private banks. Second, by relying on Article 44 of the Constitution, enterprises were able to win government auctions and transfers, and third, as an economic enterprise, they used neoliberal models to increase profit margins (such as using labor contracting companies, concluding temporary contracts with the labor force, etc.)”.

Hassan Rouhani's approach to the IRGC's economic presence has been contradictory. In 1996, he told a group of economic activists: “part of the economy was in the hands of an unarmed government, which we handed over to a government with guns. This is not economics and privatization”<sup>17</sup> However before, among the IRGC's commanders, he had said: “they want to make the IRGC a rival to the people, but the IRGC is not a rival to the people and the private sector, and not a contractor like ordinary contractors”<sup>18</sup>

The presence of the IRGC and its affiliates in the oil, gas, and petrochemical industries, which are themselves the target of sanctions, has been intensified and focused more on this sector. For example, in June 2009, the US Treasury Department sanctioned the Persian Gulf Holding and 39 affiliated petrochemical companies for their links to the IRGC.<sup>19</sup>

In conclusion, 1) sanctions, 2) the rapid and irregular growth of contractor companies and all kinds of temporary contracts as a result of the implementation of structural economic adjustment policy, and 3) the IRGC's quasi-monopoly in the oil, gas and petrochemical industries are the three factors today taking hostage the jobs and livelihoods of thousands of energy workers. The strikes of thousands of oil workers in the last summer cannot be fully and thoroughly investigated without considering all three factors — factors whose magnitude and intensity of their influence are not easily measurable.

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17 [Radio Zamaneh](#), 27 June 2017

18 [Deutsche Welle Farsi](#), 16 September 2013

19 [Euronews Farsi](#), 7 June 2019

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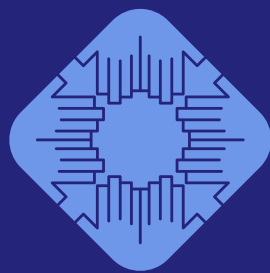
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