Iran to Receive Major Economic Windfall as Nuclear Deal Begins

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Iran’s economy is set to receive a substantial boost in the next two years as a result of billions in sanctions relief from the nuclear deal, according to a new forecast, a windfall that could also secure more resources for the Iranian military and its terrorist proxies.

The World Bank [said](http://www.worldbank.org/en/publication/global-economic-prospects/Regional-Outlooks/GEP-Jan-2016-Middle-East-and-North-Africa-analysis#2) in a report that Iran’s GDP is projected to increase by 5.8 percent this year, compared to just 1.9 percent last year. Economic growth is then estimated to rise by 6.7 percent in 2017.

As part of the nuclear agreement reached between Iran and world powers last year, the Islamic regime could collect [as much as $150 billion in unfrozen assets](http://www.usatoday.com/story/news/world/2015/07/05/lawmakers-alarmed-iran-nuclear-windfall/29652429/) from foreign accounts after it places some restrictions on its nuclear program. Tehran will also be permitted to resume more oil exports, which could increase its sales by 0.5 to 0.7 million barrels per day this year.

The nuclear deal “opens the door for reintegration of [Iran] into the global economy and the reinvigoration of its oil, natural gas, and automotive sectors,” the World Bank said in its global economic prospects [report](http://pubdocs.worldbank.org/pubdocs/publicdoc/2016/1/697191452035053704/Global-Economic-Prospects-January-2016-Spillovers-amid-weak-growth.pdf).

“Sanctions could begin to be lifted in early 2016 if the International Atomic Energy Agency (IAEA) indicates the Iranian government has fulfilled its commitments under the pact,” the report continued. “Renewed optimism about the potential of the Iranian economy has already generated a flurry of investment interest by foreign companies.”

Michael Rubin, an expert on Iran and the Middle East at the American Enterprise Institute, said in an email that he also expects the Iranian economy to grow in the wake of the nuclear deal, though he cautioned that the World Bank can be too reliant on flawed statistics from Tehran. Rising growth in Iran would represent a stark contrast to the economic situation before the nuclear negotiations, when the country’s economy contracted under the weight of U.S.-led sanctions.

At the talks, U.S. Secretary of State John Kerry turned in “probably the worst negotiating performance any U.S. secretary of state has had in the last century,” Rubin said, because he failed to pressure Iran into eliminating all aspects of its nuclear program.

“Rather than use Iran’s precarious economic situation as leverage in U.S. negotiations, Secretary of State John Kerry effectively caved,” said Rubin, who is also a former Pentagon official in the George W. Bush administration.

“The Obama administration effectively bailed Iran out,” he added.

Analysts have raised concerns that the Islamic regime could devote billions of its sanctions relief to the Islamic Revolutionary Guard Corps (IRGC), the elite paramilitary unit that also supports terrorist groups in Lebanon, Gaza, and Yemen. The American Action Forum [estimated](http://freebeacon.com/national-security/study-iran-terror-funding-gets-4-8-billion-boost-under-nuke-deal/) last year that the Guard Corps’ budget could increase by about $3 billion after the nuclear deal is fully implemented.

“If Iran’s economy does grow—and that growth is not eroded from significant inflation from the hard currency influx—then the chief beneficiaries will be the Islamic Revolutionary Guard Corps who have a stranglehold over the oil industry, import-export, and construction,” Rubin said. “Kerry might as well have wired the money directly into the Revolutionary Guards’ bank accounts, because that is the net effect.”

Iran could also use the sanctions relief to bolster its ballistic missile program. Iranian forces have tested two ballistic missiles since the nuclear agreement was reached, including one in October that [was capable of carrying a nuclear warhead](http://www.reuters.com/article/us-iran-missiles-usa-idUSKCN0SA20Z20151016) and violated a United Nations Security Council ban. President Hassan Rouhani has [said](http://www.wsj.com/articles/u-s-lawmakers-blast-delay-on-iran-sanctions-1451694590) the military should allocate more resources to its missile program if the United States decides to impose sanctions for the missile tests.

Additionally, an Iranian military with more funding could further exacerbate sectarian tensions in the Middle East. Following the execution of a Shiite cleric by Saudi Arabia, a Sunni Muslim nation and Iran’s bitter regional rival, Iranian protesters stormed the Saudi embassy in Tehran, prompting the Saudis to break off diplomatic relations. Iran has now [accused](http://www.bbc.com/news/world-middle-east-35251917) a Saudi-led coalition of launching airstrikes near its embassy in Yemen.

Rubin warned that Iran previously capitalized on negotiations and trade in the early 2000s to augment its nuclear program.

“Between 1999 and 2005, Europe’s trade with Iran almost tripled and the price of oil about quintupled,” he said. “Iran put about 70 percent of that hard currency windfall into its nuclear and ballistic missile programs.”

“The reason for the expansion of Iran’s illicit programs early the last decade was too much diplomacy, not too little,” he continued. “The [Supreme National Security](http://www.bbc.com/news/world-middle-east-22886729) Chairman at the time directing those programs? Hassan Rouhani. Kerry is simply making the same mistake twice.”