

Iran Faces Wildcat Strikes in Oil Industry

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OE Watch Commentary

Organized labor was a major catalyst during Iran's 1979 Islamic Revolution. Job actions by workers catalyzed broader unrest that, ultimately, unseated the shah. It is for this reason that post-revolutionary Iranian officials have traditionally been sensitive to organized labor. Iran's Ministry of Cooperatives, Labor, and Social Welfare in theory regulates labor and represents workers' concerns. In reality, however, it faces two difficulties. First, grassroots labor organization in 2005 among first, Tehran bus drivers, and second, Khuzestan sugar cane workers, led to recognition of Iran's first independent labor unions. Second, the widespread presence of Islamic Revolutionary Guard Corps-owned companies in the civilian economy constrains ministry or parliamentary enforcement of rules and regulations relating to the economy.

The excerpted article from the hardline media outlet *Fars News Agency*, examines the cause of recent unrest and escalating wildcat strikes among Iran's oil workers. It casts most blame on pay structure changes that caused not only wage stagnation but also reduction in many cases. In all likelihood, the scale of declining wages is more than the article reflects given the growing discrepancy between official exchange rates in Iran (42,500 Iranian rials to the US dollar) and black market rates (250,000 Iranian rials to the US dollar). Hence, the Oil Ministry can claim, for example, that it is paying workers \$1,000 per month when, in reality, they receive the equivalent of only \$170.

The excerpted article featured an interview with Ebrahim



Iranian oil workers in Khuzestan.

Source: Fars News Agency, https://media.farsnews.ir/Uploaded/Files/Images/1399/11/11/13991111000758_Test_PhotoN.jpg

Fouladvand, a former director-general in the administrative department of the Ministry of Oil, who attributed the decision to reorganize the ministry wage structure with the desire to bring the system into conformity with international standards. Fouladvand further noted that Iran is suffering a brain drain among some of its more capable oil workers because declining salaries make top experts ripe for poaching by other oil and gas producers in the region.

While Iranian officials often trumpet their own indigenous industry, the growing pay discrepancy between Iran and foreign oil industries is taking a toll on Iran's recruitment pool. Growing discord in the industry can have an outsized ripple effect on Iran's economy and potentially stability because of the disproportionate dependence Iran has on its hydrocarbon industry.

“What happened that suddenly led to such widespread protests in the country's oil industry?”

Source: “Ramzgosha-ye az Eterazat-e Domino-ye Nafte-ha (Deciphering Why Wildcat Strikes Spread Among the Oil Workers),” *Fars News Agency* (media outlet affiliated with more hardline elements in the Iranian regime), 30 June 2021. <https://www.farsnews.ir/news/14000408001048>

According to the economic correspondent of the Fars News Agency, without a doubt, the most important news subject of the last few days about the country's oil industry has been the widespread and wildcat protests of the employees in different sectors of this industry. The protests, which initially stemmed from staff protests over salaries and benefits received this year, have spread to various contractors, with the parliamentary energy commission finally meeting with the oil minister to resolve the dispute.

In the meantime, the key question is: What happened that suddenly led to such widespread protests in the country's oil industry? Certainly, in order to answer this question accurately, we must examine the developments in the field of human resources and the wage system in the oil industry, at least in the last eight years but, in this report, we will only focus what sparked these protests.

In fact, the issue is that in the budget law for 2021-22, the salary ceiling of direct employees of Oil Ministry and its subsidiaries has been reduced from 21 times the minimum wage to 15 times the minimum wage.... As a result, a large number of oil industry operatives working in exhausting conditions received lower salaries this year than in previous years....