



Iran: New Military Budget Proposed

OE Watch Commentary: On 10 December 2017, President Hassan Rouhani submitted a draft budget to the Majlis (parliament) for the Iranian fiscal year which runs from 21 March 2018 to 20 March 2019. While the draft budget is not final—the Majlis must first pass the draft budget and then Guardian Council, an unelected clerical body, must also approve it before it can become law—it does shed light on Iranian military priorities and illustrate the opacity under which the Islamic Republic’s military operates.

First, with an exchange rate of about 35,000 rials to the dollar, the excerpted story suggests that the Iranian military budget will be \$11.4 billion. This does not appear much when considering Iran’s broader GDP. Utilizing publicly available figures, the Stockholm International Peace Research Institute estimated that, in 2016, Iran’s military budget was just three percent of its gross domestic product. If the figures in the draft budget provided by the *Iranian Students News Agency* are accurate, it suggests that Iran’s military budget as a share of GDP has actually shrunk.

This is not realistic, especially given the broad decline in oil prices and Iran’s very public shopping spree and indigenous military production in the wake of the 2015 Joint Comprehensive Plan of Action, the so-called nuclear deal. Rather, it appears that much of Iran’s military budget remains off-line. For example, there is no accounting in the figures provided for Iran’s ballistic missile work nor the direct deployment of Iranian personnel into the Syrian civil war. To take Iranian military figures at face value, therefore, would be a mistake. This is important because often Iranian diplomats and those seeking to downplay Iran’s military ambitions compare Iran’s military spending by GDP to those of regional countries like Saudi Arabia and Israel which have far greater levels. However, such comparisons may have little analytical value if Iranian statistics are not truthful. That said, the relative proportion of spending—with the IRGC receiving nearly triple the amount of money that the Iranian army receives—does provide some insight into the continued priorities of the ruling regime. **End OE Watch Commentary (Rubin)**

“The share of military organizations in the 2018 budget is more than 400 trillion rials [\$11.4 billion].”

Source: “Sehom Bish az 400 Trilyon Riali Nehadha-ye Nizami az Budgeh 97 (Share of Military in 2018 Budget More than 400 Trillion Rials),” *Iranian Student News Agency*, 10 December 2017. <https://goo.gl/5fNMtU>

With the presentation by the president of the Republic of the 2018 budget bill to the Majlis, the figures for military institutions, including the army, the Islamic Revolutionary Guard Corps, the Ministry of Defense, and the Basij Organization, were determined... Accordingly, the Ministry of Defense and Armed Forces, Army, Revolutionary Guard Corps and Basij funds are as follows:

- *Ministry of Defense and Armed Force Logistics: 44,971,355,000,000 rials*
 - *Joint Staff of the Islamic Republic of Iran Army: 97,080,866,000,000 rials*
 - *Joint Staff of the Islamic Revolutionary Guard Corps: 267,366,971,000,000 rials*
 - *Basij Organization: 11,804,843,000,000 rials*
- Of the total budget of the Ministry of Defense, 19,659,138,000,000 rials are to strengthen the defense and defensive capabilities of the country. Accordingly, the share of military organizations in the 2018 budget is more than 400 trillion rials.*



Iranian cruise missiles on display.
Source: Ministry of Defense of Iran, goo.gl/GDthMp, Public Domain.