



## IRAN DEMOCRACY MONITOR

The American Foreign Policy Council's Review of  
Radicalism and Reform in Islamic Republic of Iran

# Iran Democracy Monitor No. 226

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**Related Categories:** Arms Control and Proliferation; Cybersecurity and Cyberwarfare; Democracy and Governance; Economic Sanctions; Intelligence and Counterintelligence; International Economics and Trade; Military Innovation; Science and Technology; Warfare; Europe; Iran

## TEHRAN LEANS INTO CRYPTOCURRENCY

Iran's clerical regime has historically had a fraught relationship with digital currency, in the past banning the possession and trading of cryptocurrencies and restricting practices like Bitcoin-mining. But the ongoing need to circumvent Western sanctions appears to have led Tehran to have a change of heart. In late August, the government of Iranian President Ebrahim Raisi officially approved the use of cryptocurrency for imports following a "test run" in which the regime successfully made its first imports paid for by cryptocurrency for commodities worth around \$10 million.

That transaction served as a proof of concept for the Islamic Republic to bypass traditional banks and the global financial system as a whole to trade with other U.S.- and Western-embargoed countries, including Russia. Officials are now ramping up their reliance on digital assets as a substitute for the dollar and Euro for regime commerce. "By the end of September, the use of cryptocurrencies and smart contracts will be widely used in foreign trade with target countries," predicts deputy Trade Minister Alireza Peymanpak. (*Iran International*, August 29, 2022)

## A PROMOTION FOR MOJTABA

For years, speculation has swirled in the West, and in Iran itself, about who might succeed Ali Khamenei as the Islamic Republic's Supreme Leader. These scenarios have been fueled by the advanced age and infirmity of Khamenei himself - as well as by Khamenei's steadfast refusal to clearly and unequivocally appoint a successor. Recent events, however, suggest that the succession question is now being clarified within the regime. Rasa News, a news outlet close to the seminaries of Qom, Iran, has used the honorific of "ayatollah" in its recent coverage of Mojtaba Khamenei, the Supreme Leader's second-eldest son. The terminology is significant, insofar as it suggests a religious promotion for Mojtaba, who previously had only been referred to by the lower clerical rank of *hojjatolislam*. (*Iran International*, August 29, 2022)

[EDITORS' NOTE: There is precedent for such a move within the Iranian system. At the time of the Ayatollah Ruhollah Khomeini's death in 1989, Khamenei himself was a junior cleric of modest standing. His subsequent emergence as a consensus candidate to succeed Khomeini was accompanied by a promotion in religious rank to the level of Ayatollah – a necessary prerequisite to occupy Iran's most important ideological post.]

## IRAN DIPS ITS TOE INTO THE AI FIELD

Iran has spent the last several years investing heavily in modernizing its military, relying in part on the economic dividends of its 2015 nuclear deal with the West. This focus has netted improvements in the Islamic Republic's cyber, missile and drone capabilities. Now, Tehran is claiming progress in another area as well: that of artificial intelligence. "We have achieved good successes in the fields of university and defense cooperation, and we can safely say that if we have gone from being an importer of barbed wire to an exporter of technology," Brigadier General Amir Ali Hajizadeh, the head of the IRGC Aerospace Force, boasted in a speech in early September. "By crossing the borders of knowledge we have defeated the enemy at more than 1,000 kilometers with artificial intelligence."

While Hajizadeh declined to give specifics about the regime's battlefield use of AI, his remarks suggest that Tehran is looking more and more heavily into the potential of harnessing artificial intelligence for a multitude of applications. "Considering the realities of today's world and the future horizon, we are committed to do space work and research, and this is one of the components of the power of every country, which has consequences in various fields of agriculture, flood control," Hajizadeh also said. (*Jerusalem Post*, September 8, 2022)

## **TEHRAN TARGETS SWEDEN IN WMD QUEST**

Despite its ongoing negotiations with the Biden administration over a potential return to the 2015 nuclear deal, the Islamic Republic is continuing to seek critical WMD technology and know-how from abroad. Sweden is the latest country to accuse Iran of illicitly attempting to obtain nuclear weapons technology through espionage aimed at the country's high-tech industry. The 2021 Swedish Security Yearbook, an annual intelligence document published by the Swedish Security Service, notes that Iran "conducts industrial espionage primarily aimed at... Swedish products that can be used in a nuclear weapons program." The 80-page intelligence report corroborates assessments by other governments that Iran has ramped up its efforts to strengthen its atomic program through illicit means. Earlier this year, an investigation by the German Federal Intelligence Service detailed "a significant increase in the indications of [nuclear] proliferation-related procurement." (*Fox News*, September 5, 2022)