

Crescent and the Crisis of National Narrative: A Legal–Media Analysis of Trust in Iran’s Energy Governance

Afsaneh Hajilou¹

¹ Department of International Law, Faculty of Law, Islamic Azad University, Science and Research Branch, Tehran, Iran

Abstract

This article adopts an interdisciplinary approach to argue that the Crescent case, beyond being a purely legal dispute, has transformed into a critical test of communicative competence and the legitimacy of energy governance in Iran. Drawing on documentary analysis of arbitral awards, international reports (including GAR and Fitch), domestic media outputs (IRNA, ISNA, Fars), and Persian-language social media data, the study demonstrates that the divergence between the legal narrative and the media narrative surrounding Crescent has generated semantic ambiguity, eroded institutional trust, and increased political risk within Iran’s energy sector. The findings indicate that a substantial portion of media representations of the case contain legal inaccuracies, leading the public—who generally lack access to the arbitral texts—to perceive the case primarily as a “symbol of corruption.” Moreover, fear of repeating the Crescent experience has produced a form of administrative paralysis among senior oil officials, who increasingly hesitate to sign new contracts. Inspired by the experiences of Norway, Malaysia, and the UAE, the article proposes the establishment of a “National Energy Narrative System” (NREN), the mandatory public registration of international energy disputes, and the creation of a joint Media–Energy Law Committee as prerequisites for transitioning from reactive to communicative governance.

Keywords: Crescent, narrative governance, international energy arbitration, institutional legitimacy, legal transparency

Extended Abstract

The Crescent dispute has long exceeded the boundaries of a conventional international energy arbitration case. What began as a contractual conflict between the National Iranian Oil Company (NIOC) and Crescent Petroleum in the early 2000s gradually evolved into a multidimensional crisis involving legal interpretation, political contestation, media framing, and public trust. This transformation renders the Crescent case an exceptional lens through which to examine the deeper structural dynamics of Iran’s energy governance system—particularly the interplay between law, narrative, and legitimacy. The present study provides an interdisciplinary extended analysis that integrates legal documents, arbitral reports, global risk assessments, domestic media archives, and social media discourse to argue that the Crescent case should be understood as a crisis of national narrative, rather than merely a legal or commercial dispute.

The study begins by situating the Crescent contract within its historical and political context. Signed in 2002 between NIOC and Crescent Petroleum for the export of 600 million cubic feet of gas per day, the contract was suspended in 2005 following allegations of corruption and irregularities in the negotiation process. This suspension triggered a series of arbitration proceedings before the International Chamber of Commerce (ICC). The 2016 liability award held Iran responsible for breach of contract; quantum proceedings followed from 2017 to 2023 under

strict confidentiality. Iran's subsequent challenge before Swiss courts was dismissed in 2023, clearing the way for Crescent Petroleum to pursue enforcement actions in multiple jurisdictions, including the U.K. and Malaysia. Although these legal events form the factual backbone of the case, the research finds that the interpretation and public understanding of these events diverged drastically from their legal substance.

Drawing from 20 years of content analysis of IRNA, ISNA, Fars, and Persian-language Twitter, the study discovers profound inconsistencies in governmental narratives. Four administrations offered four conflicting storylines: the Eighth Government highlighted regional cooperation; the Ninth reframed the case as evidence of corruption and justified political suspension; the Eleventh emphasized policy mismanagement and reputational damage; and the Fourteenth attempts to reconstruct a unified "national narrative" with a focus on legal documentation and transparency. These shifting narratives are not merely rhetorical variations—they are structural transformations that have shaped public understanding, influenced administrative behavior, and affected Iran's international reputation.

To explain these shifts, the study employs the theoretical framework of Narrative Governance, drawing particularly on Entman (2021) and Van Dijk (2022). In their view, governments maintain legitimacy not only through institutional performance but through coherent, persuasive stories that "legalize" public perception of reality. When a government fails to produce a unified narrative, alternative actors—media outlets, political competitors, and online influencers—step in to fill the discursive vacuum. This process often results in what Van Dijk calls "narrative drift": a situation in which the dominant public understanding of an event diverges significantly from its actual legal or factual basis. The Crescent case exemplifies this phenomenon: public perception increasingly framed the dispute as a symbol of corruption, even though corruption played no direct role in the arbitral liability findings.

The study further incorporates Luhmann's (2000) theory of Semantic Overload in complex communication systems. As multiple administrations reframed the case in inconsistent ways, the informational system surrounding Crescent accumulated contradictory meanings. According to Luhmann, such semantic overload produces "decision paralysis," a condition in which decision-makers become overly cautious or avoidant due to narrative instability. Interviews with senior officials in the Ministry of Petroleum (2024) confirm this dynamic: many expressed reluctance to negotiate new international energy contracts for fear of future politicization or misinterpretation. Thus, the Crescent case—through its narrative fragmentation—has induced a measurable chilling effect on Iran's energy diplomacy.

The empirical findings of the study are presented in five key dimensions. First, legal-media divergence is widespread. Cross-analysis of 2024 Persian media reports with *Global Arbitration Review* shows that approximately 71% of domestic reporting contained legal inaccuracies regarding arbitration status, enforcement procedures, or potential damages. This statistical mismatch demonstrates that media coverage of Crescent has been shaped more by political framing than by legal truth. Second, institutional trust erosion is significant. A 2024 survey conducted by the Majlis Research Center shows that over 60% of respondents associated Crescent with systemic

corruption despite never reviewing the arbitral documents. This perception gap underscores the potency of narrative politics in shaping public attitudes.

Third, the case has escalated political risk in Iran's energy sector. According to Fitch Ratings' *Political Risk Index 2024*, unresolved arbitration cases—including Crescent—have contributed to Iran's investment risk rating dropping from B– to CCC in the energy sector. Investors interpret prolonged disputes, opaque communication, and inconsistent state narratives as indicators of weak contractual reliability. Fourth, administrative paralysis has emerged within energy institutions. Interviews with ministry officials reveal heightened risk aversion regarding contract signing, driven not by legal constraints but by fear of being implicated in future political or judicial controversy. Finally, the study identifies the rise of public-sphere amplification, noting over 10 million views of the #Crescent hashtag within two months of 2024. This transformation of Crescent into a reputational and symbolic conflict highlights the socialization of legal disputes within Iran's digital public sphere.

In the comparative analysis, the study contrasts Iran's approach with international best practices. Norway's "Transparency in Petroleum Disputes" initiative integrates dispute reporting into annual budget laws, providing structured public updates. Malaysia adopted coordinated legal-media messaging during the Petronas–Sudan arbitration, preventing escalation into a legitimacy crisis. The UAE maintains alignment between the Ministry of Energy and state media to ensure narrative cohesion in legal disputes. These case studies demonstrate that narrative coherence is not merely a communicative preference but a strategic tool in safeguarding national credibility and investor confidence.

Based on these findings, the article proposes four structural reforms. First, the establishment of a National Energy Narrative System (NREN) within the Ministry of Petroleum and the Ministry of Foreign Affairs. This system would centralize narrative production, ensure internal alignment, and publish regular updates on dispute status. Second, the adoption of a Legal Transparency Mandate requiring public registration of all international energy disputes in a national open-access database. Such institutional transparency would mitigate rumor-driven narratives and strengthen public trust. Third, the creation of a Joint Media–Energy Law Committee composed of legal scholars, communication specialists, and oversight institutions (such as the Supreme Audit Court) to evaluate the communicative implications of major disputes. Fourth, capacity-building programs to improve legal-media literacy among energy administrators, equipping them to avoid misstatements, prevent narrative escalation, and manage public communication responsibly.

The extended analysis concludes that the Crescent case offers a pivotal opportunity for structural reform. Instead of viewing Crescent solely as a legal challenge, policymakers should recognize its deeper significance: it exposes vulnerabilities in Iran's communicative architecture, narrative governance, and legitimacy frameworks. Transforming this crisis into an institutional learning moment requires a shift from reactive governance, which responds to crises episodically, toward communicative governance, which proactively shapes meaning, ensures transparency, and strengthens trust.

Ultimately, the Crescent case illuminates a foundational truth of modern governance: legal outcomes alone cannot secure legitimacy unless accompanied by coherent narrative strategy. As Iran navigates complex geopolitical and energy challenges, integrating communication, law, and governance will be essential for reinforcing institutional credibility and restoring public confidence.

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