

## Opportunities about in the new Iran

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# Opportunities abound in the new Iran

Post-sanctions, we are ideally placed to make the most of Iran's 80 million consumers who already love and buy western products – but we must take action now



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**D**uring the 18th century 'Great Game', the British and Russian empires vied for supremacy over Central Asia.

With international sanctions on Iran now lifted, a new Great Game is about to begin, pitting the West against Asia in a race to capture the country's vast business potential. Will Ireland follow?

Western companies were always interested in conducting business with Iran, whose GDP is currently \$425 billion. But the American and European governments prevented them from doing so by isolating Tehran politically. The pretext was alleged nuclear activities of a military dimension, but there was never any solid evidence of that. The

real reason was Iranian defiance of western hegemony in the Middle East, which had to be counteracted, according to western capitals.

Nevertheless, in a triumph of diplomacy, a landmark deal was signed last July, and Iran has already fulfilled all its obligations under the accord.

Months ahead of schedule, it shipped 25,000 pounds of enriched uranium to Russia, which is almost all of its stockpile, and it deactivated its heavy water reactor. Iranian president Rouhani and his moderate allies were anxious to see the sanctions lifted before the upcoming February parliamentary polls to reap the electoral rewards of a successful deal that will defuse tensions with the West.

Many of the sanctions previously applied by the UN, EU and US have been lifted. The EU embargo on oil imports from Iran is gone. Key sectors of the country's economy will resume trading with the outside world, in particular, oil and gas, automobiles, banking and insurance.

Significantly, European and Asian enterprises will have an edge over American ones because Washington will keep restrictions on US businesses. But European banks remain cautious because Washington still prohibits doing business with any enterprise related to Iran's Revolutionary Guards, which control significant parts of the economy.

In the past, the US forced European banks to pay heavy fines for breaching sanctions, a reminder that Washington is still the leader of the western world.

Europe has lost ground against China. It used to be Iran's largest trade partner before the sanctions tightened in 2012. EU-Iran goods trade fell from €28 billion in 2011 to €11.7 billion in 2014. Conversely, unwilling to toe Washington's line, China moved ahead and overtook the EU as Iran's top partner. It now buys 40 per cent of Iranian oil exports and is the country's leading provider of capital and technology. Nearly 100 Chinese companies are

present in Iran.

Yet opportunities are there to be grabbed. Iran has the world's second-largest natural gas reserves and the fourth-largest oil reserves. It has a population of 80 million people who enjoy western brands such as Coca-Cola and Apple and who drive western cars. Tehran plans to buy 114 civilian aircraft from European plane maker Airbus to replace its ageing fleet. It also hopes to attract an ambitious \$50 billion worth of foreign investment in the coming year.

Although there is resistance to the nuclear deal from Iran's conservatives, Tehran has nevertheless significant incentives to cooperate with the West. The sanctions froze large amounts of Iran's revenues from oil sales in international banks. Now, it is estimated that about €40 billion will flow back into the country, although it is unclear how much will be invested domestically or kept as foreign exchange reserves.

Ireland's exports to Iran are

only €50 million annually, mostly food and medical supplies that have never been subject to sanctions.

The Department of Foreign Affairs said that it will "do what it can to assist" those who wish to take advantage of the Iranian market and that state agencies Bord Bia and Enterprise Ireland have already made initial visits to Iran, while the accredited

ambassador has made a number of visits to the country.

Yet the Irish Exporters Association would like to see more support and a proactive strategy given the many opportunities it sees for Irish businesses, including engineering and construction work related to the energy industry, drink and dairy, aircraft leasing and pharmaceuticals.

Its chief executive, Simon McKeever, said he believed that Ireland was "lagging behind the EU on Iran" and mentioned that we remain one of the few EU countries not to have an embassy in the country (it was closed in 2012, together with our Vatican embassy; the latter, however, was reopened in 2014).

The Department of Foreign Affairs seems to have prioritised spiritual objectives over business, but things may change in the future.

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