

Iran's Political Economy After Presidential Election

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Iran's Revolution and the Imposed War

- Iran's revolution, 1979:
 - Challenging domestic authoritarian monarchy
 - Challenging foreign dependence (nonalignment)
- Imposed war, 1980-88:
 - Iraqi invasion of Iran, 22 Sept. 1980
 - Support for Iraq from world powers and regional Arab countries
 - Provocation of xenophobia and militancy

Post-War Era

- **Two political factions:**

1. Radical faction:

- Focus on security and power politics
- Suspicion about outside world specially countries such as the U.S.

2. Liberal faction:

- Focus on domestic reconstruction and modernization
- Interest in liberalization and integration in the world economy

Post-War Presidents

- Predominance of liberal faction in presidential position
- Post-war presidents: Hashemi and Khatami
 - Promotion of market mechanism and privatization
 - Tariff barriers reduction, trade liberalization, and foreign investment promotion
 - Deregulation
 - Application for accession to the WTO
 - Détente in foreign relations

Ahmadinejad as an Exception

- UN Security Council Resolutions, 2006-2010 (military sanctions)
- Unilateral sanctions of the U.S. and other Western countries, 2009 onward
- Downward economic trends:

Annual Growth of Iran's GDP

2010	2011	2012	2013	2014	2016
6.48	4.30	- 6.78	- 1.92	2.98	12.5

Source: Iran's Central Bank.

Ahmadinejad as an Exception (Cont.)

Iran's Crude Oil Exports (1000 bpd)

2012	2013	2014	2015	2016
2102	1215	1109	1081	1921

Source: OPEC.

Iran's Inflation Rate

2012	2013	2014	2015	2016
28.6	32.1	14.8	11.3	6.8

Source: Iran's Statistical Center.

Rouhani's First Term, 2013-2017

- Rouhani election as a result of consensus on détente and international cooperation
- Rouhani Declared Policies

1. Foreign Policies:

- Détente in international relations
- Effective role in global and regional peace and security
- Constructive interaction with world economy
- Economic orientation in foreign policy
- Accession to the WTO
- Modification and gradual reduction of customs tariffs
- Absorption of foreign investment
- 7 - Liberalization of financial markets

Rouhani's First Term (Cont.)

1. Domestic Policies:

- Improvement of good governance indicators
- Improvement of business environment
- Improvement of economic competitiveness
- Macro-economic stability
- Empowerment of private sector

Joint Comprehensive Plan of Action (JCPOA), 2015

- JCPOA as a result of concomitance of two moderate administrations in Iran and the U.S.
- Change of internal and external atmospherics:
 - Removal of sanctions
 - High-ranking officials in Tehran
 - Rush of foreign investors and financiers

Post-JCPOA Contracts

- Iran Air and Boeing contract, 2016 (\$16.6 billion)
- Iran Air and Airbus contract, 2016 (\$10 billion)
- Iran's multi-billion dollar contracts with Siemens, 2016
- NIOC and Total contract, 2017 (\$4.8 billion)
- Iran and Alstom agreement, 2017 (Alstom, 60 per cent)
- Iran and China Eximbank contract, 2017 (\$1.5 billion finance)
- Iran and Russia's Transmashholding contract, 2017 (€2 billion)
- Iran and Turkey's Unit International and Russia's Zarubezhneft, 2017 (\$7 billion)
- Iran and Renault contract, 2017 (\$660 million)
- Iran and Korea Eximbank, 2017 (€8 billion)
- Other contracts with car manufacturers: Peugeot, Citroen, Volkswagen, Mercedes-Benz, and Hyundai ...

Post-JCPOA Economic Trends

- Upward economic trends (as shown previously)

Iran's FDI Inflow (million dollars)

2010	2013	2014	2015	2016
3,649	3,050	2,105	2,050	3,371

Source: UNCTAD.

Rouhani's Second Term, 2017-2021

- Rouhani re-election: a nay to populism and a yea to Rouhani's policies
- Rouhani's new declared policies:
 - Priority of economic diplomacy in foreign policy
 - Promotion of economic and trade ties with other countries
 - Absorption of foreign investment
 - Admission of foreign financial institutions

Iran-South Korea Relations

- Good relations dating from pre-revolutionary period
- South Korea as one of Iran's top trading partners

South Korea Ranking Among Iran's Trading Partners

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Exports	-	-	-	4	3	4	4	6	5
Imports	5	4	6	3	3	4	3	3	3

Source: Iran's Trade Promotion Organization.

An Irreversible Way

- Iranian society features
- Iran's economic needs
- Iran's interest in preferential trade agreements and multilateral trading system

International Cooperation Imperative and the Threats Ahead

- Role of international regimes in international peace and stability
- Threats to our world: ISIL, regional conflicts, American populism and isolationism ...
- Imperative to promote economic and trade cooperation

Expectation from Korean Partner

- Iran as a safe country in its region
- Legislation to guarantee foreign investment
- Iran's unique geographical location
- Old bilateral friendly relations
- South Korea to play a more active role in investment and technology transfer in Iran

Thank You