



**International Journal of Biology, Pharmacy  
and Allied Sciences (IJBPAS)**

*'A Bridge Between Laboratory and Reader'*

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**THE EFFECT OF POLITICAL FACTORS ON COMMERCIAL TRANSACTIONS  
AND EXPORT CAPACITY BETWEEN IRAN AND THE UNION OF EUROPE  
FROM STATE FIFTH GOVERNMENT AND TENTH GOVERNMENT WITH  
EMPHASIS ON EIGHTH GOVERNMENT TRADE EXCHANGES**

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**ABSTRACT**

In this paper, political and economic ties with each other objectively specified, and through empirical analysis, the study of relations between Iran and Europe marked to determine commercial potential and export capacity to Europe with an emphasis on President of Eighth Government's Iran. The results indicate that most of the Europe Union countries (22 of the 25 countries) through cosine index with lower and upper limit of 71.0 56/0 are completed with the high potential of trade with Iran. Close to one of these indicators show that, there is the possibility of Iran's exports to these countries and these countries can qualify for export of Iran's market.

**Keyword: EU and Iran, trade exchanges, Business Development Export capacity, Trade potential**

**INTRODUCTION**

History of trade and economic relations between Iran and the European Union dates back to before the Islamic Revolution. Iran is among the first countries to sign trade agreements with institutional relations in 1963 with limited privileges on the export of traditional items Europe established with

the community. According to the agreement, the two sides have trade relations. This agreement was extended in 1972. And it was suspended in 1977.

Iran's relations with Europe after the revolution faced with ups and downs because of some differences in most cases

is associated with stress. At the end of the Iran-Iraq war two period for this relationship can be considered: first, the era of "critical dialogue" that started in 1992 and will continue until 1997.

During this period, Europe, unlike the US government will not participate in the planning of isolating Iran and in 1996 was on the agenda of economic sanctions on Iran in Washington, Europe by improving its relations with Iran, it completely ignored. (Jafarivoldani, 2008, 237-256). the government of President of Eighth Government , Iran's relations with Europe and the growing EU institutions Iran's most important trading partner and Europe Union based on export and import safety.

Europe Union exports to Iran from 1999 to 2006 was almost double and This expansion, as early as Tenth Government remained to the point that in 2006 over the previous year shows an increase of almost 26/2 (Eurostat, **EU international trade** in services: Exports, imports and balance,2014).

Statistics Iran's trade with the European Union in 2007 Rose to 5.23 billion euros. Which in comparison with 2006 (317/25 billion euros) Show 7 percent decline. The second year, the government of President of Tenth Government. According to the Statistical Centre of the European Union (Eurostat) of the trade volume amounted to

4.13 billion euros related to Iran's exports to the EU is Compared to 2006 (126/14 billion euros) decreased 6.3% The European Union's oil imports from Iran in 2007 was good. This decrease in the volume of trade during this period, coincided with the change of government in Iran President of Eighth Government to Tenth Government . Namely 2006 and 2007, the years 2005 and 2006, according to Tenth Government and this change of policy, on trade and trade show.

(Eurostat, *Statistics Explained Archive Business and trade statistics*,2012).

It must be understood that it is inevitable to expand trade and increase exports to oil-based economy of necessity. The importance of export development in emerging globalization of the economy and the loss of trade barriers (that is emerging strongly in the near future countries hardly will be able to keep their side of the process and the margin only looked the global developments) is twofold. Therefore, it is expected that Iran, in a manner consistent with the development of international trade and competition and the arrival on the scene of international trade and active and fruitful participation of regional economic arrangements ready (Akhavi and Mirhosseini, 2005).

Undoubtedly one of the necessary steps to join the World Trade Organization (WTO),

strengthening and expanding trade and economic arrangements in the form of regional trading partners such as the EU member states. It is appropriate to re-evaluate the production potential in different sectors and with a clear view of the trade concessions and business development action. Europe Union market recognition for Iran in terms of its imports in planning future planners and decision makers in developing countries help exporting those products. So with the right policies, trade facilitation and access to a large market that the Union should seek to expand trade and economic cooperation was powerful.

#### 1) Europe, history and members

In the first months of 2004, to coincide with celebrations throughout Europe, ten countries of Central and Eastern Europe joined the EU. Development of the European Union is something that has been considered by European leaders. Union Coal and Steel Europe was established in 1951, founded by six countries, France, Germany, Italy, Belgium, Netherlands and Luxembourg respectively. The members of the Economic Community of Europe and the European Community have developed nuclear energy until 1957.

In 1973, Ireland, the UK and Denmark to Europe joined the Common Market in 1981, Greece in 1986, Spain and Portugal,

and in 1995, Austria, Sweden and Finland were to join the European club.

In 1990, the Democratic Republic of Germany with West Germany merged and created the Republic. The only country that went from the Europe, the Greenland in 1984.

There was a larger circle of fifths European Union in May 2004, when ten countries, Cyprus, Malta, Poland, Hungary, Czech Republic, Slovakia, Slovenia, Estonia, Latvia and Lithuania were accepted to join the European Union. (Attalides, 2003: 9-19) as far as Russia expanded the boundaries of the new united Europe. Most of the countries listed, the former East bloc countries.

Under articles 12 and 30 of Chapter III "Single European Act" of 1986 that "European political cooperation" legal and integrate the European Economic Community, European political cooperation must be reviewed after five years.

After the formation of "intergovernmental conference" in 1990 to review the political unity of European political cooperation were on the agenda as planned.

Intergovernmental negotiations took place during 1991

Finally, the signing of the Maastricht Treaty on political union led Europe later that year.

The Treaty established principles and rules

for the common foreign and security policy of Europe.

And partners formed a "common foreign and security policy." (Dehghani firooz Abadi, 2008: 33-67). Europe in several member countries of the Union are as follows:

1952: Belgium, France, Italy, Luxembourg, the Netherlands and Germany  
1973: Denmark, Ireland and the United Kingdom  
1981:Greece; 1986: Portugal, Spain  
1995: Finland, Sweden, Austria  
2004:Cyprus, Estonia, Latvia, Lithuania, Malta, Poland, Slovenia, the Czech Republic and Hungary  
2007: Bulgaria and Romania  
2013: Croatia, (The EU in brief, 2014).

A review of relations between Iran and Europe in the aftermath of the Islamic Revolution With the victory of the Islamic Revolution, Iran's relations with the European countries were major changes. Although relations between Iran and European countries deteriorated entity (Sanaei, 2002, 57).

Some observers believed that Western Europe against the superpowers can have better relations with Tehran (Halliday, 1994, 309).

In the first years of the revolution, public fear of the destabilizing effects of the Iranian revolution, Iran's fear of Soviet domination, extending tensions between

Iran and America and Western Europe between Iran and the countries of Western Europe's internal politics influenced (Hunter, 1991,142).

Iran, for some reason, European cultural centers in Iran will shut down its relations with smaller European countries developed (Anonymous, same). Following the hostage-taking incident in Iran, America demanded the participation of European countries in economic and financial punitive measures of the European countries.

But America's European allies were more political and diplomatic support, European countries in Iran was remarkable because the value of economic transactions (Alikhani, 2000, 89).

During the Iran-Iraq war the European countries participating in the Iran arms embargo, had taken measures to end the war.

Acceptance of Resolution 598, provided a good opportunity for the development of political relations between Iran and Europe Union. But the fatwa to kill author and essayist of Indian nationals England, By Imam Khomeini on 25 February 1989, the European community to have fast reaction and stance (Rahmani and naeb, 1995, 5).

Europe's public fatwa against the Tehran summoned the ambassadors of the

member states, to reduce the level of political and economic relations with Iran (Sanaei., 58; Navazeni, 2001, 44).

However, with the arrival of European ambassadors to Tehran Head of Fifth Government .

After the invasion of Kuwait by Iraq and to adopt appropriate positions by Iran, Europe wants to improve relations with Iran.

European countries in November 1369, expressed his desire to meet with Iranian officials Followed by Ireland as the first official European foreign minister visited Tehran Europe's desire for more active relations with Iran and the announced. Subsequently, in 1370, the foreign ministers of the Netherlands, Luxembourg and Italy (Troika) traveled to Iran And the Union's readiness to expand political and economic relations with Iran were Europe (Rahmani and penitent, *ibid.*, 9-8).As well as the heads of 12 countries in Europe Union summit in Edinburgh (11 and 12 December 1992) in a statement on the need to maintain a critical dialogue with Iran (dehghan tranjani, 1999, 30). Subsequently, the Danish prime minister as head of the Troika on April 6, 1993, in a letter to Head of Fifth Government emphasized the need for mutual dialogue (Navazeni,77).

Announcing the policy of dual

containment Clinton, America from Europe Union calls for coordination with the country in containing Iran, but unlike America, Europe does not want to isolate Iran (Sanaei, *ibid.*).In fact, during the presidency of Head of Fifth Government , was put forward great efforts to supply Iran with the international community re-integration.

In this regard, Iran hopes that after 1992, Europe should be in a position to Create equal weight to the United States (Ehteshami, 1995, 164).

But since July 1995, relations between Iran and Europe were heavily influenced by Mykonos court controversy. Mykonos court's verdict was a major blow to the relations between both sides. After the court's verdict, Europe's decision, to call the ambassadors of the member states from Tehran in the winter of 1375, Europe Union declared their ambassadors to Tehran will return gradually. But given the particular circumstances of the return of European ambassadors were forgotten for a while. The above situation has remained Persian date June 1996 elections.

By selecting President of Eighth Government and Foreign Relations policy of détente with Iran's relations with Europe are gradually melting ice was due to change in the face of international policy of détente in international relations,

especially in the West  
And constructive dialogue in relations with Europe, in early March 1996, critical dialogue was replaced and then Europe Union encouraged to invest in Iran's oil industry (Dehshiri, 2002, 387- 386) EU ambassadors returned to Iran comprehensive dialogue with Iran took Union (Sanaei, *ibid.*, 62). Europe Union President of Eighth Government welcomed the offer of dialogue of civilizations.

British Foreign Secretary Robin Cook Foreign Minister eighth also suggested the dialogue between the OIC and Europe welcomed (Navazeni, *ibid.*, 318). 11/27/1999 Europe Commission also issued a report reiterated that political and economic reasons in favor of the European Union to establish closer relations with Iran. In this report, the proposed conclusion of a trade agreement between Iran and Europe had been raised (Sanai, *ibid.*, 63). Containment strategy against Iran, Europe to establish contacts and relations with Iran and try to learn more of the intentions of Iran's behavior modification through dialogue, negotiation and involvement in regional and international relations normalization process took.

The engagement policy in Europe, but have concerns about the intentions,

capabilities and behavior of Iran, the threat of Iran's position regarding the significant differences with the policies of the countries that saw widespread Iranian threat (Sajjadpour, 2000, (a), 199 197). With the development of relations between Iran and Europe Iranian president first of the three countries, Italy, France and Germany formally met (*ibid.*, 201-200).

Following the events of September 11, the international system in disarray and Iran by President George W. Bush was in the axis of evil.

Although Europe about Iran's pursuit of weapons of mass destruction program and Tehran's support for radical groups in the Middle East and cautious approach to America's defense minister claims Iranisharb oringal-Qaeda members disagreed (Sajjadpour, 2000(b), 977-976). Europe, June 27 1381, despite intense publicity America against Iran in Luxembourg decided to deepen and broaden relations with Iran and agreed that two separate agreements signed with Iran in the field of trade and political issues. However, after the European Union negotiate agreements above delayed (Sanai, the 66). Other improvements in political relations between Iran and Europe at this time inclusion of the Mojahedin Khalq Organization(MKO)

terrorist organization by the Europe Union (New Press, 04/16/81, 6).

Europe Union, emphasizing the continuation of dialogue with Iran and the expansion of trade and economic relations with these countries over issues such as human rights, fundamental freedoms of citizens, respect for international conventions, treaties banning the production and proliferation of weapons of mass destruction observe, confront terrorism and to refrain from the disturbing the peace process in the Middle East to discuss the situation and calling for dialogue with Iran on the (Sanai, *ibid.*, 66).

But European officials said the new international agreement on the coordination of the development of mutual relations with the international system, democratic principles and human rights.

As the parties in the talks on the main lines of cooperation in energy, trade and investment talks and exchange of views took place ("Round table ...", 2001, 131) But the important thing, insist on preconditions of human rights, Europe Union, Middle East peace process, terrorism and weapons of mass destruction (Sanai, *ibid.*, 66).

The major issues between Iran and Europe from the post by the evolution of the international system was the centerpiece

of the fight against terrorism and the issue of Iran's nuclear activities.

Europe Union authorities on 30 July 2002 that the Europe Union is seeking trade talks with Iran on Iran joining the Additional Protocol as well as issues such as human rights and the Middle East peace depends.

In June 2002 Europe Union foreign ministers urged Iran to allow stricter inspections of its nuclear facilities to be applied (BBC, 2005/08/05)

On July 21, the union warned that if Iran's full cooperation with Europe International Atomic Energy Agency inspectors have, Brussels political and economic relations with the Islamic Republic of Iran may reconsider.

Since late 2004, the Council of Europe at its meeting on 4 and 5 November in Brussels, Europe Union member states agreed to engage with Iran, especially in the context of the efforts of the EU and High Representative for the common foreign and security policy of Europe announced. (Kile, 2005, 27-28).

Iran Since then, interaction and dialogue with Europe on behalf of the Board of Governors of the IAEA's nuclear diplomacy a priority. Iran's goal at this stage of relaxation space, close cooperation and confidence-building measures and avoid the tendency of the

Board of Governors on the Iranian nuclear issue to the United States and Europe. On 30 October 2003 (21 October 2004), three European countries offer incentives also called on Iran to stop all enrichment-related activities.

In November, following negotiations between Iran and three European countries in Paris, Iran agreed to when negotiations are ongoing, quite to suspend uranium enrichment.

On 5 December 2003, Great Britain, France and Germany with America on the resolution on Iran agreed that its nuclear activities, warning.

So that the next day the agency approved the resolution.

On 28 December 2003 Iranian representative to the IAEA Additional Protocol was signed. (BBC, 5/8/2005).

On 25 February 2003, Iran announced the construction of a heavy water reactor in Arak will not stop. On, May 22, 2004, Europeans had warned Iran that any resumption of nuclear activities in the negotiation process will end.

On 5 June the same year, Iran agreed to its final decision after receiving the proposals put Europe in late July. The time then was extended until mid-August. In fact, the obligation of the parties waited until the ninth presidential elections to determine the next course of events. By the end of

the era of President of Eighth Government, President of Tenth Government became president shortly after taking the presidential post brought about fundamental changes in this field.

The new government, unlike the previous government look at ideological revision was disturbing the status quo of the international system in advance. Ninth government dominated the international system was unequal and was looking to disrupt it (sanaei, 2014: 172-171).

The Islamic exemplary President of Tenth Government, and the maximum was very idealistic. President of Tenth Government unexpectedly with a sudden turn back, Iran's foreign policy toward Islamic radicalism led the 1980s. And by adopting a revisionist policies with the outside world, in order to disrupt the efforts of the international system and create a new order. This type of foreign policy strongly to increase regional and international tensions resulted (Gosiorowski, 2007, 125-130).

In the ninth and tenth of the West was again redefined. Summary of the West with the Islamic Republic that the West than they are in trying to surrender and obedience Iran détente and peaceful coexistence.

This conclusion led the Islamic Republic to adopt the policy of confrontation against the West.

This exposure led to America seeking support from Europe on Iran's nuclear program and earned Iran with sanctions, Iran's nuclear file to the Security Council and various resolutions against the country to adopt (Dehghan Firooz Abadi, 2011, 521-520).

So with the arrival of the ninth government in Iran, the Union's relations with Europe was very cold and heavy. Apart from the nuclear issue, the most important and most sensitive core difference between the two sides, issues such as the Holocaust and President of Tenth Government 's statements in this regard led to this difficult environment. Climate change talks with the P5 + 1 country had a negative impact on this difficult situation, as far as the Iranian nuclear topic almost falls convergence and consensus among members was found (Khaloozadeh and Afzali, 2010, 17).

In the period 1384 to 1392 political and economic relations between Iran and Europe fell dramatically. Exchange delegations and diplomatic traffic was minimal.

Europe, announced in June 2008 until Iran to transparency and confidence in its nuclear program does not, it will refrain

from relations with (Ibid., 21-20). In this era sanctions against Iran were imposed by Europe. Europe Union foreign ministers in Brussels on 2 February 1385 the implementation of sanctions against Iran in the Security Council considered (resolution 1737) were approved. This measure, restrictions and financial sanctions against Iran led some institutions and personalities. (ISNA, 11/02/2005) EU leaders meeting in Brussels in 1386 Europe at the end of the 90-point statement issued.

As part of the statement warned Iran that if it does not halt uranium enrichment will be faced with further sanctions. Europe's Parliament passed a resolution in June 2008, member states will ban the export of any nuclear technology to Iran (Khaloozadeh and Afzali, *ibid.*, 35).

European countries at the meeting of 3 July, 2007 Luxembourg, sanctions against Iran by the ministers of agriculture and fisheries European countries enacted. In this statement, sanctions, including lending, trade guarantees and insurance for export was (Arya News Agency, 03.04.2007).

EU sanctions approach Europe in 2010 was a fast pace. Following the adoption of resolution 1929 (19 June 2009), the leaders of the Union of Europe on 16 June 2010 in the context of tougher sanctions

against Iran, agreed. Europe announced sanctions in the areas of energy, new investment, technical assistance and transfers of technologies, equipment and services related to these areas, particularly areas related to refining, liquefaction and liquefied natural gas technology applies (Khaloozadeh and Afzali, the 38).

EU foreign ministers meeting in Luxembourg two days before the sanctions beyond UN sanctions, including sanctions on oil and gas, transportation, insurance, banking, transfer of technology, equipment and services adopted against Iran (ibid., 39). On 12 August 2010, Europe created a joint venture in the areas of oil and natural gas and related topics banned. In addition, insurance and reinsurance to the Iranian government, import and export of weapons and dual use equipment, sale or transfer of energy equipment and technology used by Iran for refining, liquefaction of natural gas, exploration and production were subject to sanctions (Evening News Iran, June 2009). In May 2011, EU foreign ministers hundred person's name and a new Europe, including the Islamic Republic of Iran Shipping Lines added to the list of companies and individuals, including the sanctions. In December 2011, the Europe Union sanctions added to the list of names of 180 Iranians.

Signing any new contracts in Europe January 23, 2012 Union import, purchase or transport of Iranian crude oil and petroleum products banned. At this time also freeze the assets of Iran's central bank in Europe and the trade in gold and other precious metals with banks and state institutions were banned. On 23 April 2009, the EU foreign ministers meeting in Brussels decided Europe's oil imports from Iran to European countries boycott.

### **1-2) The trade between Iran and Europe in the governments of Head of Fifth Government , President of Eighth Government and President of Tenth Government**

With the Fifth Government(1989-1997) instability caused by the war and the necessity of rebuilding the war zones and reconstruction of the country, Iran's policies encouraged cooperative with other countries. The development's needs (reconstruction and development) requires changes in the foreign policy goals and approaches to this currency needs first and second through the development of the country with the world's countries.

The internal factors changed the direction of Iranian politics and foreign policy in the face of problems and conflicts caused by the war between Islamic fundamentalism tried a pragmatic approach (to the

principles and purposes enshrined in the constitution of Iran's foreign policy including the principles of dignity, wisdom and expediency), and balances on the needs of the development. "This suggests the beginning of detente in foreign policy of Iran. While the era of détente began revolutionary realism with revolutionary idealism had the upper hand in the competition. Unlike revolutionary idealism in the first decade of the revolution, the ideological hegemony of economic considerations in foreign policy pursued; they try to balance the two. "(James, 2007: 76.

In this study primarily to the impact of policy on economic exchanges between Iran and Europe between the governments of Head of Fifth Government and President of Eighth Government noted and it was determined that the events, happenings and political approach of the governments of the Islamic Republic of Iran and the volume of trade between Iran and Europe There.

In the meantime, the government of President of Eighth Government volume trend and a sign of the government's open-door policy towards Europe. In order to determine the commercial potential and export capacity, period President of Eighth Government sent to selected And showed the index of export and import vector

cosine Europe Union countries shows that in the Europe Union countries, except for the 10 new countries, the rest of the business completed a high potential (in the range of 56/0, 71.0) with Iran. Close to one of these indicators is indicative of the fact that the possibility of Iran's exports to these countries, and these countries could export market for Iran to come.

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