



# WTO General Council: Iran

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## 1 Introduction and Executive Summary

The Iran has been subject to severe sanctions since the 1970's, but the tightening of sanctions in correspondence with the Iranian nuclear program have put further pressure on the economy. While agreements have been reached with Europe and China, the US is continuing on its path. Iran now needs to secure the support of the international trade community, to further unleash its full economic power.

During the upcoming meetings at the WTO, Iran's delegation should focus on

- decreasing American and international sanctions and trade barriers on Iran,
- raising foreign direct investment into Iran and
- generally raising popularity in the trade community for an Iranian WTO membership.

This dossier may serve the delegation as a brief introduction and as a starting point for further research.

## 2 Economic Structure [1]

Iran is a country in the Middle East that is strategically located on the Strait of Hormuz and the Persian Gulf that are important pathways for shipment of crude oil. The country is a mixed and transition economy dominated by gas and oil production industries and has 10% of the world's oil reserves. Iran has a high development potential and is a member of the Next Eleven countries (N-11). Iran has a centrally controlled economy with a large public sector. The government controls prices, and there are subsidies on some products leading to a strain on the economy. Iran initially existed as a financially isolated country but was forced to sign agreements with other nations after the sanctions relating to nuclear programs.

The economy of Iran is dominated by oil and gas production which makes up the largest revenue source for the government. Other major industries include petrochemicals, fertilizers, caustic soda, car manufacture, pharmaceuticals, telecom, energy, construction materials, textiles, cement, metal fabrication and food processing.

The Iranian economy is plagued with numerous challenges from price control, corruption, and restrictive policies which undermine the growth and expansion of the private sector. Iran suffers high rates of unemployment and inflation leading to migration of citizens to other countries to seek employment leading to a brain drain in the country.

## 3 Trade Partners

Iran has held observer status at the World Trade Organization (WTO) since 2005. Although the United States has consistently blocked its bid to join the organization, observer status came in a goodwill gesture to ease nuclear negotiations between Iran and the international

community.

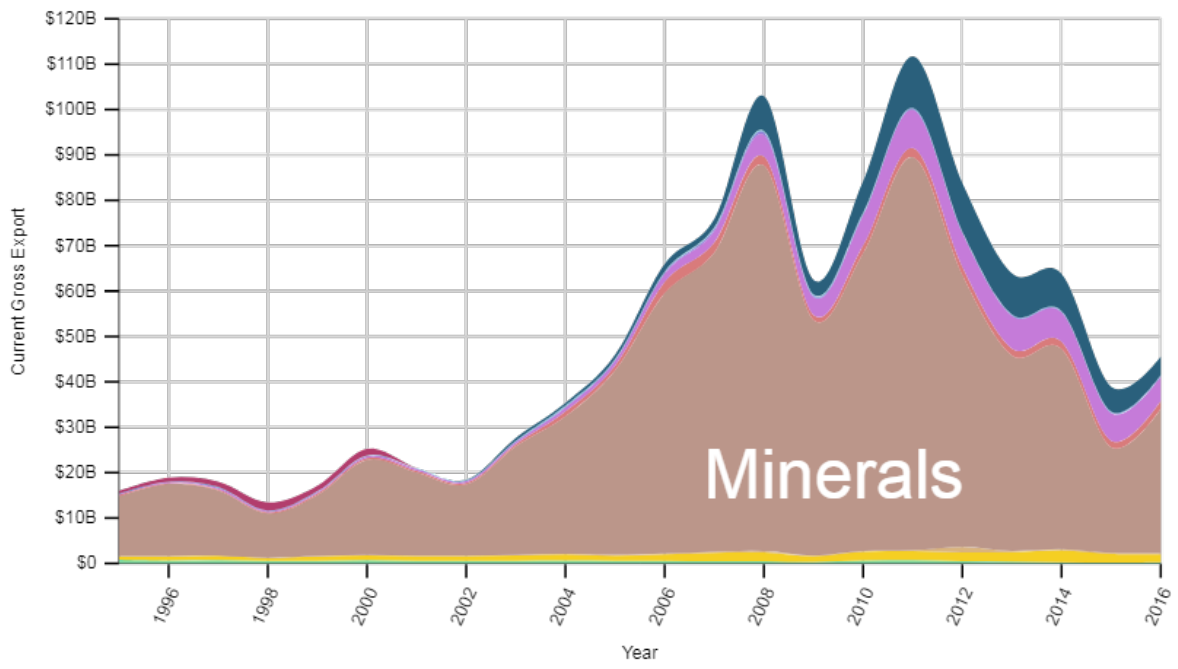
*Iran's observer status results in Iran having no vote in substantial voting. This means, that Iran can vote on the flow of debate and has the right to speak in the committee, but has no right to vote on Council Directives.*

## 4 Trade Interests [1]

After the Iranian economy declined following the trade restrictions in 2011/12, the Iranian government signed agreements with other countries including Germany and US to rebuild the economy and establish new economic opportunities. Iran is still working on policies to improve trade and employment opportunities for the people as well as to encourage foreign investments in the country.

## 5 References

- 1 WorldAtlas: 'Important Facts About The Economy Of Iran', <https://www.worldatlas.com/articles/important-facts-related-to-the-economy-of-iran.html>
- 2 Atlas of Economic Complexity: 'What did Iran export between 1995 and 2016', <http://atlas.cid.harvard.edu/explore/stack/?country=107&partner=undefined&product=undefined&productClass=HS&startYear=undefined&target=Product&year=2016>



**Fig. 1:** Iranian exports since 1995. With the imposed trade restrictions in 2011, Iranian foreign trade plummeted. [2]