

Developments and prospects of trade regionalism of Iran

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Article Info	Abstract
<p>Original Article</p> <p>Main Object: Economics Scope: Iran</p> <p>Received: 12 February 2025 Revised: 01 March 2025 Accepted: 02 March 2025 Published online: 17 March 2025</p> <p>Keywords: Eurasian Economic Union (EAEU), Free Trade Agreement (FTA), Iran, Preferential Trade Agreement (PTA), trade regionalism.</p>	<p>Trade regionalism, meaning the conclusion of agreements involving the reciprocal exchange of trade preferences (which, of course, also have trans-regional dimensions), has experienced rapid growth, wide coverage, and a high depth and impact in the international economy in recent decades, such that numerous and intertwined networks of trade regionalism agreements have covered almost all countries in the world, and more intensively, major exporting countries, and most global exports are also carried out in this format. Despite the fact that Iran has begun to activate trade regionalism since the 2000s, the results of these two decades of efforts, with few parties and a limited scope of agreements that have been implemented, have not had much trade impact and have played a small role in our country's exports. This article, with a qualitative content analysis approach and the use of expert opinions, identifies the obstacles to trade regionalism in Iran in two general categories: external obstacles and internal obstacles. The assessment of these obstacles regarding the Iran-Eurasian Union Free Trade Agreement, taking into account what can be inferred from the implementation of the interim agreement between them and its processes, is a sign of overcoming both external (Iran's international limitations in creating opportunities) and internal (domestic weaknesses in taking advantage of opportunities) obstacles, which could serve as a turning point after two decades of experience with trade regionalism in Iran. It seems that the timing of the conclusion of this agreement with the bottlenecks resulting from sanctions on both sides has been effective in this success.</p>

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Extended Abstract

Background

Trade regionalism, meaning the conclusion of agreements involving the reciprocal exchange of trade preferences (which, of course, also have trans-regional dimensions), has experienced rapid growth, wide coverage, and a high depth and impact in the international economy in recent decades, such that numerous and intertwined networks of trade regionalism agreements have covered almost all countries in the world, and more intensively, major exporting countries, and most global exports are also carried out in this format.

Despite the fact that Iran has begun to activate trade regionalism since the 2000s, the results of these two decades of efforts, with few parties and a limited scope of agreements that have been implemented, have not had much trade impact and have played a small role in our country's exports.

Aims

This article identifies the obstacles to trade regionalism in Iran in two general categories: external obstacles and internal obstacles.

Methods

This article relies on a qualitative content analysis approach to expert interviews. In order to identify the factors that have hindered the success of Iran's two decades of efforts in commercial regionalism, a reliable source is to refer to the direct experiences of those involved in commercial regionalism. For this purpose, in-depth and semi-structured interviews with 6 managers and direct officials of the subject, each of whom has had close experience in this field for more than two decades, were used as a basis, and the main reasons for failure were extracted from their perspectives by the qualitative content analysis of the interviews.

Results

A summary of the content of these interviews, which include numerous components as obstacles to the success of Iran's trade regionalism, places the obstacles to trade regionalism in the direct experience of trade negotiations into two general categories: external obstacles and internal obstacles, with regard to the main question of this research. External obstacles can be called as Iran's international limitations in creating opportunities and internal Obstacles as domestic weaknesses in taking advantage of opportunities. Sanctions were considered not only a major factor in external obstacles but also an aggravating factor in internal obstacles. Part of the internal obstacles were due to the protectionist attitude of policymakers, experts, and even economic activists, which limited the possibility of exchanging trade concessions.

Conclusion

The Iran-Eurasian Union Free Trade Agreement is Iran's trade link with a large market in close proximity and the level of commitments is broad and deep. The 5-year implementation of the interim agreement, which has led to a significant increase in trade and a significant improvement in the trade balance, has created a positive outlook for the trade impact of this agreement.

Of course, the specific timing of the conclusion of this agreement, which coincided with the intensification of sanctions and the resulting constraints on both sides of this agreement, has had an important impact on its success. Such a situation has been able to overcome both domestic protectionist concerns and the bureaucracy that supports them, and as a unique opportunity, it has also created a more determined determination to take advantage of this opportunity.

Thus, after two decades of unsuccessful experience in implementing preferential trade agreements and analyses that sought the root of failure in Iran's international limitations to create opportunities and domestic inabilities to take advantage of the opportunity, this agreement puts a clear perspective on overcoming both of them. Thus, sanctions, which were considered the most important external obstacle and the factor that exacerbated internal obstacles in the development of Iran's trade regionalism, have themselves become a factor in overcoming both obstacles and an example of transforming a threat into an opportunity.

Of course, maintaining this perspective requires continuing and increasing seriousness in removing the obstacles and challenges ahead in Iran's first serious experience of free trade, but its fruits will not be limited to this case alone.

Conflict of interest

The authors declared no conflicts of interest.

Authors' contributions

All authors contributed to the original idea, study design. This article is an excerpt from Farzad Moradpour's doctoral dissertation at the Faculty of Management and Economics, University of Guilan, under the guidance of Dr. Esmail MalekAkhlagh and the advice of Dr. Mohsen Akbari and Dr. Mohammad Doostar.

Ethical considerations

The authors have completely considered ethical issues, including informed consent, plagiarism, data fabrication, misconduct, and/or falsification, double publication and/or redundancy, submission, etc. This article was not authored by artificial intelligence.

Data availability

The dataset generated and analyzed during the current study is available from the corresponding author on reasonable request.

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