

**Full Length Research**

## Iran towards Self-Sufficiency

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More than 30 years on from Iran's Islamic Revolution, which ended the reign of monarchs, the country continues to fascinate, worry and excite outsiders in similar measures. Many nations in the West (and many in the Rest as well) had focused on Iran as problem-country, security spoiler and threat but Iran had emerged as rational nation to resist the external pressures, embargoes and international isolation. Iran had developed in various fields enabling nation to become self-sufficient, this self-sufficiency is also the outcome of many factors like nationhood- as a gift of Islamic Revolution, international sanctions' led isolation and others. The power aspirations- not least its nuclear programme had clashed overtime with regional and external actors but ambition matched with pragmatism provided a continuous theme in emergence of Iran as an inspirational regional power in post-revolutionary Iran. Now that the sanctions have been lifted and JCPOA has been successfully implemented, there arise greater chances and prospects for Iran to rise as a regional power and influential trading partner of international system. This paper tries to outline Iran's resistance to external pressures and embargoes, which helped Iran in total to emerge as a self-sufficient nation and involve successfully in international market as well as politics.

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### BACKGROUND

Iran historically known as Persia (until 1935) and one of the greatest empires of ancient world is the second largest nation in the Middle East by population and second largest economy in the Middle East and North Africa (MENA) region after Saudi Arabia, with estimated GDP of US\$417 Billion in 2015. Bordered on the North by Armenia, Azerbaijan and Caspian Sea, on the East by Afghanistan and Pakistan, while on the South by Persian Gulf and Gulf of Oman and on the West by Turkey and Iraq. Due to its unique location Iran is regarded by many scholars as the heartland of west Asia. Being situated

between the Caucasus and the Indian Ocean, Iran is a Strategic Springboard as it gives access to more than one route to trade, people to people movement and much more.<sup>1</sup>

From the rule of Elamities to the Safavid Dynasty; from foreign rulers to the chaotic period of Iranian political system, Iran has undergone through numerous flip-flops. Most famous part of Iranian History is the Islamic

<sup>1</sup> Abrahamian, Karim, (2008), "A History of Modern Iran," Cambridge University Press, UK

Revolution of 1979- *The Voice against Oppressor*. Also known as *Enqelab-e-Eslami*, the popular uprising resulted in toppling of Monarchy on April 1, 1979, and led to the establishment of an Islamic Republic. Mounting social discontent in 1970s in Iran, which culminated in revolution at the end of the decade, had several crucial dimensions. Although petroleum revenues continued to be major source of income for Iran in the 1970s, world monetary instability and fluctuations in western oil consumptions seriously threatened the country's economy. In addition to mounting economic difficulties, sociopolitical repression by the regime of Mohammad Reza Shah Pahlavi likewise increased in the 1970s. Outlets for political participation were minimal, and opposition parties such as National Front (a loose coalition of nationalists, clerics, and non-communist Left-wing parties) and the Pro-Soviet Tudeh "masses" Party were marginalized. Social and political protests were often met with censorship, surveillance, or harassment, and illegal detention and torture were common.<sup>2</sup> Many argued that since Iran's brief experiment with parliamentary democracy and communist politics had failed, the country had to go back to its indigenous culture. The coup of 1953, backed by the US Central Intelligence Agency (C.I.A) against Prime Minister Mohammad Mosaddaq, an outspoken advocate of nationalism who almost succeeded in deposing the Shah, particularly incensed Iran's intellectuals- many of whom were fascinated by the popular appeal of Ayatollah Ruhollah Khomeini, a former professor of Philosophy in Qom who had been exiled in 1964 after speaking out harshly against the Shah's reform programme- abandoned their aim of reducing of Shite Ulama ( Religious Scholars) and argued that, with the help of Ulama, the Shah could be removed from chair. In this environment, members of the National Front, the Tudeh Party and their various splinter groups joined the Ulama in a broad opposition on the Shah's regime. Khomeini continued to preach in exile about the evils of the Pahlavi regime, accusing the Shah of irreligion and subservience to foreign powers. Thousands of tapes and print copies of Khomeini's speeches were distributed in Iran strengthening the widespread voice. During his exile, Khomeini coordinated this upsurge of opposition- first from Iraq and after 1978 from France- demanding the Shah's abdication. In January 1979, in what was officially described as a "vacation" the Shah and his family left Iran. The Regency Council established to run the country during the Shah's absence proved unable to function, and the Prime Minister Shahpur Bakhtiar, hastily appointed by the Shah before his departure, was incapable of affecting compromise with either his former National Front colleagues or Khomeini. Crowds in excess of one million demonstrated in Tehran, providing wide

<sup>2</sup> Ibid

appeal of Khomeini, who arrived in Iran amid wild rejoicing in February 1. Subsequently on April 1, following overwhelming support in a national referendum, Khomeini declared Iran an Islamic Republic.<sup>3</sup>

This revolution not only changed the socio-political phenomena of Iran but also changed the West Asian scenario. During the revolution role of Iranian people was exceptionally inspiring. The workers, artisans, government workers, and students joined together and went on a nation-wide strike against Shah and relatively led to the success of Revolution. This Revolution stimulated hopes and inspiration for a change in the Middle East, oppressed nationalities derived inspiration from the revolutionary movement of the Iranian working class against the Shah that gave a powerful impulse to the national movement of the Kurds in the North of Iran, denoting a revolutionary upsurge which spread across the Kurdish areas in neighboring Iraq and Turkey. The impact of the Iranian working class's revolutionary movement shook the reactionary Arab regimes of Saudi Arabia, UAE, Kuwait, Bahrain, and even Egypt.<sup>4</sup>

## NUCLEAR-IRAN AND SANCTIONS

During the Shah's regime, Iran launched a series of ambitious nuclear projects that relied on assistance from US and Europe. According to Akbar Etemad, the President of the Atomic Energy Organization of Iran (AEOI) from 1971 through 1978, Iran was already carrying out nuclear research and education at the University of Tehran when the NPT came into force on March 5, 1970. The work entered on a 5 MWs reactor supplied by the US, which began its operation in 1967. By the mid-1970s according to Etemad, Iran had launched an extensive nuclear energy program. In 1974, the Shah set the goal of producing roughly 23,000 MWs of electric power from a series of Shah of nuclear power stations within 20 years. A host of contracts between Iran and Nuclear Suppliers in Europe and the US followed; Iran struck a deal with kraftwerk union (KWU, a Siemens subsidiary) of then-West Germany to build two 1,200 MWs reactors at Bushehr and negotiated with the French company framatome for two additional 900 MWs reactor. In 1974, Iran reportedly invested \$1 billion in a French Uranium enrichment plant owned by Eurodif- a European consortium. Etemad adds that Iran's indigenous works on the nuclear fuel cycle in the 1970s, including plans for a new nuclear research center at Isfahan and the exploration of Uranium mining and ore processing. The 1979 Iranian Revolution halted this work for a number of

<sup>3</sup> Dr. Zayar, (1999), "*the Iranian Revolution: Past, Present and Future*," Iran Chamber Society, Tehran

<sup>4</sup> Grant, Ted, (1979), "*On the Iranian Revolution*," London Press

years.<sup>5</sup> The war with Iraq which began in 1980s consumed resources and damaged Iran's existing nuclear infrastructure. The power reactors under construction at Bushehr were bombed several times, after which Siemens abandoned the project. During Akbar Hashemi Rafsanjani's Presidency (that began in the late 1980s), Iran's nuclear program was reviewed.<sup>6</sup> The politics behind Iran's Nuclear Program revolved round the aim of Tehran to guard against an analogous to Iraq's repeated use of weapons. Iran's Nuclear Program was a border attempt to become more self-reliant in arms and technology. Increasingly isolated, Tehran struggled to acquire arms to fight Iraq, which used chemical weapons and had a nuclear weapon program. The 8 year war was the Middle East's bloodiest modern conflict. The program may also have been a byproduct of the troubled revolutions omnipresent needs for legitimacy and the Iranian nationalism's Quest for respect and International status. Iran's nuclear program unfolded in context of its overall politics. Since 1979 revolution, Iran's political elite has long been divided over how the theocracy should and what international role it should pursue. Beyond broad concepts, such as consensus has proven elusive- even after three decades the Islamic Republic's birth.<sup>7</sup> Overall the nuclear program underwent four phases:

1. Phase of consensus and resistance (1987-2003) : As world witnessed the leadership and guidance of Ayatollah Khomeini;
2. Phase of early-controversy (2003-2005) : As the outcome of Iran's new and controversial plans and programmes;
3. Phase of deep divisions (2005-2012) : During the emergence of hard politics;
4. Phase of heroic flexibility (2013-2015) : Change of new political spectrum as visible in policies and strategies of H. Rouhani;

Since Iran's nuclear program became public in 2002, the United States, European Union and several individual countries levied multiple sanctions on Iran for its nuclear program since IAEA- the UN's Watchdog found in September 2005 that Tehran was not compliant with its international obligations while Iran insists its nuclear activities are exclusively peaceful. The United States

<sup>5</sup> CRS Report for Congress, (2006), *"Iran's Nuclear Program Recent Developments,"* USA

<sup>6</sup> Dr. Bruno, Tertrais, (2005), *"A Nuclear Deal with Iran challenges and prospects,"* European Foundation for Democracy, EU

<sup>7</sup> Shahram Chubin, *"The Politics of Iran's Nuclear Program,"* 2010 accessed at <http://www.iranprimer.com/the-politics-of-iran's-nuclear-program.htm>

spearheaded international efforts to financially isolate Tehran and block its oil exports to raise the cost of the Iran's efforts to develop a potential nuclear-weapons capability and to bring its governments to the negotiating table. Iran faces International sanctions for a clandestine nuclear program that the IAEA and major powers say violate its Treaty obligation. When Iran acceded to the Non-Proliferation Treaty (NPT) in 1967, it vowed to never pursue a nuclear-armed status. But over the course of 1970s, Shah Mohammad Reza Pahlavi's policies raised US concerns that Iran had Nuclear-Weapons ambitions. In 1974, Iran signed the IAEA Safeguards Agreement- a supplement to the NPT in which it consented to inspections. Suspicious events of the mid-1990s added concerns in the West when President Bill Clinton's administration levied sanctions on foreign firms believed to be enabling a nuclear arms program.<sup>8</sup> In early 2000, indication of work on Uranium enrichment renewed international uproar spurring several rounds of sanctions from the UN, EU, and US government. These sanctions have sought to block Iran's access to nuclear related materials and put an economic vise on Iranian government to compel to end its uranium-enrichment program and other nuclear-weapons-related efforts, some major sanctions include:

- UN Sanctions like suspend Uranium enrichment; to suspend construction of the heavy-water reactor; freezing of assets of Iranian persons and entities named in annex to resolutions and requires centers to ban the travel of named Iranians; and etc.
- EU Sanctions like ban on insurance for shipping oil or petrochemicals from Iran; ban trade with Iran in gold, precious metals, diamond; freezing of the assets of Iran's Central Bank, and many related sanctions like SWIFT Cutoff; etc.
- US Sanctions on Iran included ban on Trade with and investment in Iran; sanctions on foreign firms that do business with Iran's Energy Sector; Ban on Arms Exports to Iran; Restrictions on Exports to Iran of "Dual Use Terms"; and many similar sanctions.

As a result of the EU and US embargoes targeting other major importers, Iran's oil exports had fallen to 700,000 barrels per day (bpd) by May, 2013, compared with an average 2.2 million bpd in 2011. In January 2013, Iran's

<sup>8</sup> Weapon Program Background Report, *"A History of Iran's Nuclear Program,"* 2012 accessed at <http://www.iranwatch.com/A-history-of-Iran's-Nuclear-Program.htm>

oil ministry acknowledged for the first time that the fall in exports was costing the country between \$4bn and \$8bn each month. Iran is believed to have suffered a loss of about \$26bn in oil revenue in 2012 from a total of \$95bn in 2011. In April 2013, the International Monetary Fund (IMF) forecasted that Iran's Gross Domestic Product (GDP) would shrink by 4.3% in 2013 after contracting by 1.9% of the previous year. The White House estimated that Iran's oil exports would remain at a level of about 1 million bpd during the 6 months of the initial phase of interim agreement. It estimated that Iran would retain \$1.5bn during that period from sales of petrochemicals, trading in gold and other precious metals, and the renewed transactions with foreign firms involved in the automobiles sector.<sup>9</sup>

The sanctions imposed on Iran were regarded to be "smart" and "targeted" but these sanctions were actually not that smart and these directly targeted ordinary Iranians. The sanctions have taken a toll on Iran's economy in terms of GDP decline and Decline of Iran's crude oil sales as well. However, the area that has been severely hit was the pharmaceutical sector. Although Iran produces a large part of the medicines and drugs that its population needs, based on the generic versions of brand-named pharmaceuticals, it greatly struggled to produce the most advanced drugs that have come to the market over the 10 to 15 years that deal with a variety of serious diseases.

## SANCTIONS AND DEVELOPMENT

*"Revolutions take a long time. They change things, they throw things up in the air and then things begin to settle and we never know how it's going to settle and how things will work themselves..."*

The economy started to decline from 47% GDP per capita to 5.2% per year, but this economic spillover didn't hinder the growth of Iran as an Influential nation. The Iranian Expert Laurie Brand is of the opinion that "Iran's quest for self-sufficiency has deep historical roots that are as much economic and cultural as political." Well before the advent of abundant oil wealth, Iranians have intended to see their country as a unique nation amply endowed with natural resources that could take care of itself without outside assistance adds Rudi Matthee. Further He says "the world needs Iran more than Iran needs the world." Experts and analysts are of the opinion that the Iran's human resource is the central socioeconomic factor that facilitates fast-paced economic development. In fact Iran has an above-average pool of educated

<sup>9</sup> Anoushiravan, Ehteshami, (2012), *"Iran and International system,"* Routledge Publications

workers.<sup>10</sup> They may lack skills of some new economic sectors, but the base is solid, young and dynamic. Furthermore, the young average age of the population has increased the pace of sociocultural change, making Iranian society much more adaptable to new technologies and conditions, the main platform for the development of a knowledge-based society, the core objective of the Country's 20-Year perspective.<sup>11</sup> It is also significant to highlight that the socioeconomic developments of the past decades have produced a predominantly urban society, with the majority population have been born and brought up in urban strata. This young, urban society provides not only the human resource pool, but also a dynamic market that can strengthen the economy of Iran. In addition, the economy will benefit from a vibrant private sector and the country's material wealth. Iran enjoys abundant natural reserves, as well as a geostrategic position as a regional hub for energy and trade. Incidentally, the country's diverse economic base also contributes to the economic progress.

*"All people and officials should, as a national duty, work collectively and within a timetabled plan with the necessary determination and persistence to reach a point where sanctions and embargoes could no longer influence the country."* Ayatollah Khomeini

No doubt sanctions have greatly influenced the growth and development of the country. The health sector or economy has become victim of Iran's isolation. But, it has emerged successfully with mixed remarks within the country as well as in international system. Nevertheless sanctions have done little to prevent Iran from spreading its influence throughout the Middle East. Supreme Leader Ali Khomeini's narrative continues to dominate the discourse within Iran's political elite. One well-positioned businessman with links to the security apparatus explains as "the core around Ayatollah Khomeini is not only the most powerful, but also the only group that has a strategy." Moreover, economic stakeholders have not channeled their dissatisfaction with sanctions by pressing the top leadership to change course. In February 2013, Khomeini signed a degree highlighting 23 new benefits to Iran's private sector- all pertaining to an improved investment, production and environment none related to Tehran's Nuclear Strategy. At the core of Iran's strategy is the revolutionary ideology or Islamic Resistance – The

<sup>10</sup> Laura Paisly, (2014), *"Self-sufficiency deeply rooted in Iran's national culture,"* accessed at <http://www.uscnews.com/self-sufficiency-deeply-rooted-in-iran's-national-culture.htm>

<sup>11</sup> Salehzedah, Alan, (2013), *"Iran's Domestic and Foreign Policies,"* National Defence University- Department of Strategic and Defence Studies, Series 4: Working papers no. 49

belief that it is leading an existential fight against the forces of imperialism and religious extremism.<sup>12</sup> Iran has emerged as an image of resistance and independence that transcends ethnic divides and resonates with popular anti- U.S., anti- Zionist, anti-Extremist attitudes in the region. Despite taking a revolutionary hit due to the increasingly sectarian nature of the regional unrest, Iran remains the most logical ally for the significant number of Arabs who despise the US, distrust the Gulf States, and desperately require arms to fight religious extremism. Clapped with its revolutionary ideology is the fact that Iran has proven incredibly adept at responding to regional crises. Where others have failed, Iran has stepped in with military and political solutions that quickly fill power vacuums and bring relative success to its allies. In Iraq, for instance, Iran responded immediately to the fall of Mosul by providing unconditional military and logistical support to Baghdad. Iran also assisted in the development of the Popular Mobilization Forces, the Umbrella movement of predominantly Shia militias who now number over 100,000 men and have a string of battlefield successes to their name- a fleet that leaves the multibillion dollar, US- trained Iraqi Security Forces struggling to remain relevant.<sup>13</sup> It is also a point of analysis that the sanctions could have damaged the Iranian Economy in any event, but former President M. Ahmadinejad's economic policies significantly mitigated the damage, especially his Consumer-Oriented Policies that increased the reliance of imports and undercut the internal industrial output.

Looking at the ever-shifting sands in Iran, it is only logical to wonder if the constant struggle to define the Islamic Republic means what started decades ago is still rolling towards either a more moderate or conservative state. The revolution has upgraded the level of political sophistication of the citizenry and it has given birth to new institutions that are still in their early stages. Iranian politics have become 'real' as a result of the revolution and this permanency has become more 'normal'. Iran's revolution is unusual in that it has emerged from a revolution to evolution- that is, from ultra-radical positions that they took in the first two, three or four years to a much more moderate, pragmatic position. Iran's one of the greatest successes is the dramatic expansion of Middle Class. Many professionals, white collar workers, and skilled laborers from modest backgrounds entered the middle class during the 1980-88 war with Iraq, when the country faced growing international isolation. The

<sup>12</sup> Soltani, Fakhreddin, (2010), "*Foreign Policy of Iran after Islamic Revolution*," Journal of Politics and Law, Volume 3, no. 2; September 2010

<sup>13</sup> Daniel Brumberg, (2013), "*Iran's Successes and Failures- 34 Years later*," accessed at <http://www.iranprimer.com/iran's-Successes-and-Failure-34-years-later.htm>

distribution of oil wealth helped spur along this process. The state's health, education and welfare initiatives also played a major role in expanding the middle class. Iran dramatically lowered its fertility rate with a progressive family planning program. The rate dropped from 6.6 births per woman in 1977 to 2 births per woman in 2000.<sup>14</sup> The government expanded higher education and significantly increased literacy rates, especially among women. In 1998, two decades after the Islamic Revolution, Iran was cited as one of the top ten countries worldwide that had closed the gender gap in education. Iran has also achieved some economic success over the last three decades. The Islamic Republic managed to pay off its various loans to American banks within 2 years of the 1979 revolution. The government used oil revenues to build highways, railways, factories, power plants, airports and other infrastructure. In 2010, President Mahmoud Ahmadinejad launched a phased reform plan designed to cut back government subsidies of the basic commodities dating back to the 1980s. It was the most extensive economic reform since 2007 gas rationing plan. Subsidies have been a constant drain of the economy- accounting for about 25% of Iran's Gross Domestic Product (GDP). The government reportedly reformed 30% of subsidies before parliament suspended the second phase in November 2012. Declines in oil exports and tightened international sanctions, Iran ranked 18<sup>th</sup> Worldwide by GDP (purchasing power parity adjusted) in 2012.<sup>15</sup>

The US and its Western allies have isolated Iran economically and diplomatically as well. But this isolation has encouraged Tehran to pursue a pragmatic diplomatic strategy that has somewhat mitigated the impact of International sanctions. Iran has built economic, trade and business relationships with non-western powers such as China and Russia. Tehran has also sought ties with regional powers such as Brazil and Nigeria, and authoritarian states including North Korea, Syria and Venezuela. Iran has forged trade and financial links with Iraq, India, Malaysia and even Thailand, to advance what it calls an "Eastern Policy." The Islamic Republic now considers itself a leading non-western power. In 2012, Tehran hosted the Non-aligned Movement Summit, viewing it an indicator of successful foreign policy. Iran has emerged as a formidable military power in the Gulf. Even some key Arab Gulf States prefer to accommodate Tehran rather than support policies that could risk a military confrontation. The Islamic Republic's regular military and non-conventional forces cannot match US capabilities. But Iran has some deterrents, including a

<sup>14</sup> Iran Data portal, (2012), "*Iran at Glance*," accessed at <http://www.princetonuniversity.com/Iran-at-Glance.htm>

<sup>15</sup> Suzanne, Melony, (2008), "*The Revolutionary Economy*," accessed at <http://www.iranprimer.com/the-revolutionary-economy.htm>

large stock of missiles and the ability to launch asymmetric attacks. Iran's military strength is partially rooted in the development of its nuclear program, which could be used for military purposes. Tehran's success in the nuclear field at Fordo, "Digging Down" offers effective deterrence against Israeli or US airstrike, from point of Iranian leaders. Israel probably lacks the necessary munitions to inflict lasting damage on the sites for weeks, which would likely drag it into an all-out war. Tehran could then use its conventional and unconventional military assets, and proxy organizations like Hezbollah, to inflict damage on US interests and allies. The regime almost certainly perceives the US preferences for a diplomatic solution as evidence of Iran's military strength and deterrence capabilities. The Islamic Republic has also succeeded in creating efficient security forces to clamp down on domestic unrest. In 2005, the Islamic Revolutionary Guards Corps (IRGC) was restructured into 31 separate commands- one for each province and one for Tehran. The Basij was integrated into the IRGC in July 2008. The intelligence services, police and Basij now seem to be acting more coordinated in the direction of the IRGC.<sup>16</sup>

Iran is the second largest manufacturer of petrochemicals in the Middle East, following Saudi Arabia. About half of Iran's petrochemical product sales are for its domestic market. In an attempt to diversify its exports, Iran is building up its petrochemicals industry. On the other side, despite its large swaths of unfertile land and desert, Iran is a large and proud producer of wheat. This looks set to change, however, as regional politics and national water crisis drive the country towards increasing imports. Latest data shows that 10.2 million tons of wheat was produced domestically in the farming year ending September 30, 2014, indicating a 10% increase compared to one year earlier. Officials hope their plans, if implemented, will accelerate the production pace of wheat in just few years, though critics remain doubtful if it is even economical for the country to avoid importing the basic product.

"We are a peaceful and stable nation, which boosts important scientific, economic and social achievements," Kambiz Sheikh-Hassani- the Iranian ambassador in Havana stated. "Our strategy is based on self-sufficiency and a resistive economy, coupled with constructive interaction with the world," he added. This is to enhance domestic resources and the talent of young people, in addition to strengthening the economy based on the creation of added value, he explained. "In the two years of President Hassan Rouhani's Government, we have

recorded significant progress. From 2014 the economy boomed and saw growth of 3%, oil production increased to 2.9 million barrels per day, exports of non-oil products reached a record 50 billion dollars, representing growth of 19% compared to the same period last year," the diplomat revealed. Going further he added that budget dependence on oil and its derivatives dropped from 50% to 36%, the lowest of the past 4 decades. In addition, inflation fell from 40% to 15.6%. Iran is leading the Middle East in terms of economic development. The country is currently ranked first in steel production at 16 million tones, as well as in motor vehicles production, at one million on one hundred thousand. The nation also, dominates the field of scientific research with the publications of 39,918 articles in 2014, representing 1.5% of the world's total scientific output.

Iran has the largest and most diverse ballistic missile arsenal in the Middle East (Israel has more capable ballistic missiles but less in quantity and type). Most were acquired from foreign sources, notably North Korea. The Islamic Republic is the only country to develop a 2,000-KM missile without first having a nuclear weapon capability.<sup>17</sup> Iran's space program which includes the successful launch of a small crude satellite into low earth orbit using the *safir* carrier rocket proves the country's scientific ambitions and technical powers. Iran's advanced engineering capabilities and commitment to missile and space launcher program are likely over time, to lead to development of additional missile system. Expert controls and checks will slow, but not stop the progress of Scientific Iran. Iran will become self-sufficient in gas production within the next 6 months once phase 15 and 16 of the South Pars gas field becomes operational. Currently Iran produces about 700 mcm per day of enriched gas and plans to increase raw gas production to 1,100 mcm per day by late 2018. So far Iran as an influential nation has been successful to overpower disputes and challenges by strengthening inviolable political, economic and strategic relations with the nations in the region and beyond. And such ties have greatly facilitated Iran to finish off the difficult time. In fact the 'Economy of Resistance' doctrine as cherished by Ayatollah and President Rouhani is a welcoming and proud component of their attempt to counter the West's soft power. It is not just a defensive strategy rather it aims to support the Islamic Republic's foreign policy ambitions. It intends to make Iranian economy resistant to all external shocks in the long run, build a "knowledge economy" in technological sector and boost foreign investment.

<sup>16</sup> Islamic Republic News Report, (2014), "Armed forces move towards self-sufficiency," accessed at <http://www.irna.com/Armed-forces-move-towards-self-sufficiency.htm>

<sup>17</sup> Zep Kalb, (2014), "wheat policy looks set to change," accessed at <http://financialtribune.com/articles/economy-domestic-economy/2822/wheat-policy-looks-set-change.htm>

## IRAN TOWARDS HISTORIC DEAL

Going back to the history, Iran entered into negotiations with EU-3 (France, Germany and the United Kingdom) and agreed in October 2003 to cooperate with IAEA, signed the Additional Protocol, and temporarily suspended the conversion and enrichment activities. The diplomatic progress broke down on 1 August 2005, when Iran notified IAEA that it would resume Uranium conversion activities at Esfahan. On 5<sup>th</sup> August, Iran rejected the EU-3's Long Term Agreement, because Tehran felt that the proposal was heavy on demands, light on the incentives, didn't incorporate Iran's proposals and violated Paris Agreement. Several such event of distrust hardened the possibilities of interim deal between Iran and the West overall. However, both sides performed a series of diplomatic advance- and- retreat maneuvers in 2006. Soon in June 2010, the UN Security Council approved another set of sanctions under 1929 primarily aimed at Iran's nuclear-related-investments. This event signaled a great influence on Iran inside-out.<sup>18</sup> In October 2010, EU extended another invitation to Iran to discuss its nuclear program and in December, P5+1 negotiated with Iran and requested assurances that Iranian Nuclear Program remains peaceful and Iran requested that the international sanctions be lifted. The talks were held with a great rhythm from 2011<sup>19</sup>, giving world a hope of a historic deal no doubt with marks of skeptics.

The fact behind the Iran's Nuclear Program and the interim deal is the Iranian support for nuclear program has always been softer than claimed. In the run-up to the Presidential elections of 2013, several candidates criticized the government for not being serious about a diplomatic solution to the nuclear question. President Hassan Rouhani linked the nuclear issue to the domestic discontent, stating that Iranians needed more than centrifuges for their well-being. Khomeini threw his support behind the newly elected Pragmatic President, though he was careful to balance Reformists and Hardliners. President Rouhani put priority on "elevating Iran's position based on national interest and lifting of the oppressive sanctions," further signaling his intent to enhance negotiations with the P5+1. Secret bilateral talks between US and Iranian officials in Oman, which reportedly started in March, received new impetus following Rouhani's elections and began to focus on the outline of an eventual deal. A first round of talks between Iran and P5+1 announced on November 24<sup>th</sup> that they had reached an agreement on a Joint Plan of Action

(JPOA), including interim steps over the next six months and elements of a long term, comprehensive solution. In addition, the IAEA and Iran also agreed on the Framework of Cooperation binding both parties to cooperate further with respect to the verification as undertaken by IAEA.<sup>20</sup> Both sides were unable to negotiate a comprehensive agreement and numerous deadlines were imposed, and allowed to expire, before the final negotiations went beyond the June 30 deadline with both side's negotiating terms remaining in the Palais coberg hotel in Vienna, Australia until an agreement could be reached. On 15<sup>th</sup> July 2015, P5+1 States and Iran signed the Joint Comprehensive Plan Of Action (JCPOA). The Plan reduced Iran's "breakout-time" to nuclear weapons. On 13<sup>th</sup> October 2015, the Iranian Parliament as well as the Guardian Council approved the JCPOA. Finally, on 16<sup>th</sup> January 2016, IAEA Director General Yukiya Amano delivered his report to the Board of Governors verifying Iran had taken action under Annex V of the JCPOA and announced the advent of implementation day on the same day. Iran also agreed to provisionally implement its Additional Protocol and also fully implement modified code 3.1 under subsidiary Agreements of its Safeguards Agreement. Under the deal, Iran maintains the ability to enrich Uranium for peaceful purposes. It will retain about 5,000 centrifuges capable of separating the Uranium-235 isotope from Uranium Ore. For 15 years, it agreed to refine the metal to not more than 3.7% enrichment (the level needed to fuel nuclear power plants) and pledged to limit its Enrichment- Uranium stockpile to 300 kilograms.<sup>21</sup> The key players in the nuclear deal includes Hassan Rouhani (President of Islamic Republic of Iran), Muhammad Javed Zarif (Foreign Minister of Iran), Ali Akbar Salehi (The Head of AEOL), Iranian Supreme Leader Ali Khomeini, Mohsen Razaie (Commander of Revolutionary Guards) and Ali Larijani (Parliamentary Speaker and Former Chief Nuclear Negotiator).

*"I thank God for this blessing & bow to the greatness of the patient nation of Iran," -----  
President Hassan Rouhani*

As the deal has come into action, the Iran will regain access to international energy markets and the global financial system. After the deal, President Hassan Rouhani said "Iran nuke deal is not the surrender but a legal, technical and political victory of Iran. It is a historic deal no doubt with some imperfections but a necessary

<sup>18</sup> Iran Monthly Update, (2015) "Key developments in Iran's nuclear program," Herbert Smith Hills

<sup>19</sup>David Blair, (2015), "A summary of Iran's Nuclear deal," accessed at <http://www.telegraph.com/A-summary-of-the-Iran's-nuclear-deal.htm>

<sup>20</sup> International Crisis Group, (2014) "Iran's Nuclear Talks: Fog recedes," Policy Briefing Istanbul

<sup>21</sup> BBC News, (2016), "Iran nuclear deal: A 'New Chapter' for Tehran as sanctions end," accessed at <http://bbcnews.com/iran-nuclear-deal-new-chapter-for-tehran-as-sanctions-end.htm>

compromise, and overall Iranians will be proud of it for the generations to come.”<sup>22</sup> The nuclear deal, at the end of the day, is not just about nukes- it’s about the future of Iran politically; and there are many in Iran who regards it as the beginning of a healing process. The energy sector is particularly essential as Iran having 10% of global oil reserves and 18% of natural gas reserves; it may come into the global markets with millions of the barrels of Iranian oil. Iran can expect a rapid expansion of scientific cooperation with western powers now, as its nuclear ventures are repurposed up in areas such as nuclear fusion, astrophysics and radioisotopes for cancer therapy. Iran is targeting an immediate increase in shipments of 500,000 barrels a day.<sup>23</sup> And, planning to add another half million barrels within months. The additional crude will push lower when it enters markets that are already oversupplied. Iran’s longer-term challenge will be to restore oil production, and it hopes to attract more than \$100 billion of investment to revitalize ageing fields. The country plans to raise output capacity to 5.4 million barrels a day by the end of 2020, helped by new production contributed by potential foreign partners.

The country was definitely moving forward in the path of progress and prosperity. With the lifting of sanctions, Iran can boost interactions with the rest of the world. Soon after the Implementation day of Iran’s Nuclear Deal countries like Bulgaria, China, Japan, India, Pakistan and many others welcomed the JCPOA and stressed on positive mutual cooperation with more zeal. However, the deal was criticized as “an historic mistake”, “diplomatic waterloo” by most die-hard opponents of Iran- Israeli Prime Minister Benjamin Netanyahu, Saudi King Salman, and a number of neoconservative personalities like John Bolton. And the reason for the criticism is not really nuke deal but the fact that Iran might rejoin the international relations, possibly even as a diplomatic (and eventually trading) partner of the US and Europe.<sup>24</sup> The deal holds out hope for the reopening of broad relations with Iran that enhances the stress-circle of anti-Iran nations and/ or agencies.

<sup>22</sup> RT News, (2016), “Iran’s Golden page in the history,” accessed at <http://www.RTNews.com/iran’s-golden-page-in-history-Rouhani-sees-economic-windfall-as-sanctions-are-lifted.htm>

<sup>23</sup> The White House, (2016), “The historic deal that will prevent Iran from acquiring nuclear weapon,” accessed at <http://www.thewhitehouse.com/the-historic-deal-that-will-prevent-iran-from-acquiring-a-nuclear-weapon.htm>

<sup>24</sup> Frida Glitis, (2016), “After nuclear deal, what to do about Iran?” accessed at <http://www.CNN.com/after-nuclear-deal-what-to-do-about-iran.htm>

## CONCLUSION

Iran which was under the direct influence and domination of US for many decades during Reza Shah Pahlavi experienced one of the successful revolution of human history giving a new color to international politics. It is no exaggeration to conclude that the post-revolutionary Iran successfully withstood the imperialist onslaught and emerged as a strong force to be reckoned with in the global political scenario. It has raised Islam to the position of a potential theology to counter imperialistic mechanism and has gained influence plus strength as a nation as an ideology independent of East or West. Since the development of Iran’s nuclear program, world especially the West has stood against the country and regarded Iran as a threat. Iran had been living under economic blockade for 40 years. This helped Iranians to learn not only to survive, but to develop independently, turning Iranians from consumers to entrepreneurs. Iran has a very unique system to encourage scientists and engineers to go into business. However describing the rational course of Iranian life and politics, sanctions have greatly influenced overall structure hindering the growth and development of Iran as a part of international system. The isolated Iran’s GDP shrank by 9% between March 2012 and March 2014. It is 15-20% smaller than it would have been without sanctions. United States and EU sanctions have cost Iran more than \$160 billion in oil revenues since 2012. The decline in currency value led inflation increase between 2011 and 2013 reaching around 40%. Sanctions have the greatest impact in its initial phase, and then adjustments in the dependencies mitigated the impact. Nevertheless, Iran cannot replace its crude oil sales loss with natural gas and electricity exports, but it is building itself as a regional indispensable player.

As the nuclear agreement Iran signed with Permanent Nations of UNSC plus Germany came into effect there is a major shift in the politics of Middle East in general and Foreign policy of Iran in particular. Iran is currently on the threshold of new era of change which can lead to a thorough overhand of its economic system. The same thing happened to Germany and Japan following World War II, Singapore and China in final Quarter of 20<sup>th</sup> century, Malaysia and India at the beginning of II Millennium. Although just a few of these countries have become developed nations, the rest, at least have begun trading totally with different economic pace and path from what they used in their histories. Being a fundamental pillar of nation, economy is highly discussed, debated and stressed by every nation. Therefore, for a nation like Iran (that is rich in natural resources and men-power as well) economy is a part of contemporary foreign policy. Following the JCPOA ‘Implementation Day’ the roots of sanctions have begun to uproot. As stipulated in the Sixth Five-Year Economic Development Plan (2016-21) all

economic sectors are to undergo structural shifts. Iran's economy also demands an autopsy, no doubt not in theory but in spirit and practice. In the post-sanctions scenario the Rouhani administration has to pursue a numerous priorities in every field to boost development. In addition to enacting structural reshaping and reforms as well as overcoming cumbersome bureaucracies, the government needs to overhaul the banking system and initiate structural reforms in the bank's balance sheet to revert to international banking system and use the Society for Worldwide Interbank Financial Telecommunications (SWIFT). The Central Bank has already begun to meet the criterion and standards set by the Third Basel Accord- a global, voluntary regulatory framework on bank capital adequacy, stress testing and market liquidity risk.

The world's major oil players have largely abandoned Iran, but are circling again amid of sanction removal. Still they stride with caution in the immediate aftermath of deal, cognized that implementation is surrounded with hindrances. Iraq has surpassed Iran as the Organization of Petroleum Exporting Countries' second largest producer. Despite Abu Dhabi's misgivings about nuclear deal, UAE-based companies are gearing up for trade and investment opportunities with Iran. If Iran achieves greater integration and sanctions disappear, the most immediate regional beneficiary will be Dubai. The Persian Gulf commercial city-state is best positioned to grow its Iran trade and service network, and its logistics facilitates from Dubai International Airport to the Jabel Ali container port will be market. Rising anti-Shiite sentiment prevalent across social media in several Gulf States and anti-Iran media messaging will continue to erode what little is left of Iranian soft power. Saudi-Iran rivalry will continue to play out across a disintegrating region. As a regional player in the Middle East Iran stands as a unique instance of strong nation with greater army strength as well as a remarkable political structure. The president of Iran Hassan Rouhani is of the opinion that generating economic growth in the Middle East is crucial to defeat extremism, and Iran can be a pillar of stability in the region. Eyes are on Iran as to outcast how Iran is developing after isolation with what direction and acceleration. Iran having emerged as an ample example of resistance and evolution is winged now, although checks and balances will continue to remain on Iran.

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