

IRAN TIME

Posted on 30/07/2015 by Naider



The agreement recently reached between the United States and Europe, on the one hand, and Iran, on the other, brings a bit of fresh air to the planet. Apparently, between hostilities and threats of an atomic bomb, there was time to sit down and negotiate, and that is for whom we receive the news Right off the bat, between coffee and cookies on any given day, it is difficult for us to understand how one can go from one pole to the opposite.

The agreement contemplates the repeal of the sanctions imposed on the Persian country in exchange for it leaving aside certain activities related to uranium in the military field, even so, not all that glitters is gold since this agreement will be temporary and will depend exclusively of future agreements to be negotiated.

As the Iranian Foreign Minister, Mohammad Javad Zarif, commented, "It is important that we appreciate the opportunity to end an unnecessary crisis and open up new horizons based on respect and the rights of the Iranian people, and to remove any doubts about the exclusively peaceful nature of Iran's nuclear program"

Obama's speech is not far from that of the Iranian minister who has stressed that the objective is "a future in which we can verify that the Iranian nuclear program is peaceful and that it cannot be used to build a nuclear bomb."

In any case, the economic implications are potentially very important. The lifting of sanctions will directly impact the economy not only of Iran, but also directly or indirectly in the rest of the world. In the end, it is not a political agreement but fundamentally an economic one.

On the one hand, oil. **Iran has the fourth largest oil reserves in the world, 150 billion barrels, and the second largest natural gas reserves on the planet.** Only the announcement of the agreement has made oil prices begin to fall.

Iran is expected to increase its oil exports by up to 60% in a year, according to a survey of 25 oil analysts by the Reuters news agency. Any change, however, will be gradual because Iran is not the **oil and gas infrastructure in Iran is very basic.** Building the necessary infrastructure will apparently take a few years. And a significant increase in production, perhaps decades. But hey, the impact is there.

In any case, the countries of the region and Western countries will benefit in some way. Neighboring oil-importing countries like Türkiye will benefit doubly. On the one hand, the restoration of Iranian oil exports and the fall in prices will ease the pressure on its energy deficit.

On the other hand, in a positive scenario based on the confidence that everything will get better in the region, Iran will be the main beneficiary, although not the only one. Once the sanctions are released, there will be additional growth from new investment. According to the Central Bank of Iran, the GDP growth rate could maintain an average growth of 5-6% in the coming years, compared to 2.0-2.5% expected before the agreement. The eventual appreciation of the exchange rate would reduce inflation to around 5%, from the current 15%. For his part, Iran's burgeoning middle class will increase demand for imported goods from Western countries and other countries in the region.

Despite the economic advances, the agreement signed indicates that the world is now a little better and that the effort of American (and also European) diplomacy to make changes possible has not been in vain.

There are no comments yet.