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reintegrating Iran with the West: Challenges and Opportunities

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Published on the eve of the historical nuclear agreement signed in July between Iran and six major world powers, this book provides timely and much needed insights into what may lay ahead as Iran seeks to recover and rebuild after years of increasingly punishing economic sanctions. This somehow eclectic collection of essays, written by a number of academics from across the world, reflects the areas of expertise of its contributors- political scientists, marketing, management and international business scholars. Many have also extensive experience in industry, diplomacy and international trade.

Early indications make clear that despite what some expected or hoped, and other feared, there will not be a gold rush to Tehran. The lifting of sanctions, to be implemented in the coming months under the Joint Comprehensive Plan of Action (JCPA), will be a major achievement for the latter group, likely to influence Iran’s internal political dynamics, most immediately parliamentary elections scheduled for February 2016. What Reintegrating Iran with the West does best is reflecting the political and economic complexities that characterize Iran whilst recognizing its immense potential. Perhaps the subtitle “Challenges and Opportunities”, although overused and formulaic words in other contexts, is truly indicative of the balance and nuance reflected in this book. This approach is clearly apparent within each essay, as each contributor, even the most skeptical, like Farid Mirbagheri, takes great care to examine different possibilities and the likelihood of potential outcomes. Taken together, the essays also provide an overall balance as various perspectives about the future of Iran are juxtaposed and brought together in a single document.

Although the depth and quality of the contributions are necessarily unequal, most provide a great wealth of information and an impressive level of detail without becoming verbose. Monshipouri’s analysis of the potential for Iranian natural gas exports illustrates how an exhaustive analysis can also remain parsimonious and accessible to non-specialist readers. Another contributor, Massood Samii goes beyond the oil and gas

1 Editors, (Emerald, June 2015)
sector to consider all other export goods that could lead to a more diversified and less-oil dependent economy. Since the Iranian revolution of 1979, and especially over the last few years, Iran’s trade relations have shifted away from Western partners toward East Asian as well as neighboring countries. Will the West be able to reclaim its former position after the lifting of sanctions? While in some sectors, like oil production, Iran needs the technical expertise and investment that only the West can provide, in other sectors the new patterns may endure and European firms may lose market share as a result of policies implemented by their respective government. For example, in the auto industry, as Mike Wilman and Bob Bax demonstrate, Iran has fallen far behind in terms of manufacturing technology. Even before the European auto companies left Iran in 2012 following a tightening of the sanctions regime, Iran’s car manufacturing consisted primarily of assembling older models European automobiles. With a large domestic market and pent-up demand for more technologically advanced cars, Iran’s auto industry is in dire need of foreign expertise and investment. However, as Dino Bozonelos’ macroeconomic analysis demonstrates, Iran’s “patrimonial political economy”, also known as crony capitalism, may dissuade many foreign investors. The need for reform to increase transparency and efficiency in the economy is abundantly clear. The author argues that Iran’s has the potential for such reform. In the event of such evolution, the large, highly educated and prosperous Iranian Diaspora is well poised to assume a critical role in transferring knowledge and money to their country of origin. As noted earlier, however, such reform represents a direct threat to the interests and power of what the author calls the “patrimonial elements” such as the Basij militia and other interest groups, and thus remains hostage to political infighting.

Having addressed some of the economic challenges and opportunities within specific industries as well as across industries, the reader is introduced to the intricacies of diplomacy and negotiations in an insightful analysis by an expert in the field, Eugene Kogan. It may be thought that with the agreement signed, such understanding of the bargaining process is no longer of great interest, but such is far from being the case. Indeed, a process has been triggered by the July 2015 agreement, that will most likely face challenges as the implementation phase is potentially ripe with many turbulent episodes as the parties, Iran and the P5+1, and especially the West, pursue their strategic goals. Already, the recent testing of Iranian missiles that could carry nuclear warheads has raised the tensions a notch, as the parties evaluate how and when to push for advantage and how and when to back down. In a separate chapter, Farid Mirbagheri reviews the economic and geopolitical implications of the nuclear negotiations with Iran for the United States, the European Union, Israel, Russia and China.

Iran’s bilateral relations with two of the aforementioned powers- the United States and China, as well as Indo-Iranian trade relations are the focus of the last three chapters of this book. David Cadden offers the reader a vivid, multi-faceted review and analysis of the complex and often contentious US-Iranian relationship, skillfully integrating such diverse and pertinent elements as economic interests, historical events, cultural factors and political and geostrategic considerations. He concludes by emphasizing and demonstrating that a successful nuclear negotiation is clearly in the interests of both countries. Rakesh Mohan Joshi’s chapter on Indo-Iranian relationship, while insightful, is more narrowly focused on trade, using trade statistics to illustrate the evolution of exports and imports over the last decade. Mohammad Elahee and Jiayong Gao adopt a more comprehensive approach in analyzing the Iran-China relationship, looking beyond the economic to encompass geostrategic, cultural and historic considerations.

In the first paragraph of this review, *Reintegrating Iran with the West* was described as a somewhat eclectic collection of essays. Having been introduced to the contents of the book, the reader of these lines should now have a better appreciation of the heterogeneous nature of this collection. Farid Sadrieh’s broad brush overview of Iranian contributions to the world, in an introductory chapter, does nothing to lessen the wide scope or the lack of a strong unifying theme in this book. Although the wide range and diversity of themes and perspectives leave many gaps, they also help trace the contours of an ambitious project and represent a bold invitation for others to fill in this fascinating picture with their own
contributions. In particular, insights from scholars and business analysts and managers living and working inside Iran, would have represented a welcome addition to this collection. This is not, however, a criticism directed at the editors, who readily acknowledge this weakness in their concluding chapter, but rather a lament about sanctions that did- and still do for a short while longer, limit cooperation and trade between Iran and the US in many areas, including academic research. Moreover, as the editors point out, a host of other issues, like analyses of many other sectors of the Iranian economy and their post-sanctions prospects need to be addressed to fill the picture that is emerging from this book. Iran’s relationship with its neighbors and regional powers is another area that is not addressed in this book and merits to be explored.

In sum, this collection of essays represents a laudable and for the most part successful attempt to increase the level of scholarly knowledge about an important but poorly understood country. While it is far from being exhaustive, it does shed light on some critical aspects of Iran’s resurgence.

As such, it is recommended not only for scholars, but also for graduate students, political and business leaders and managers and anyone with an interest in the evolving role for Iran in trade, business and other policy arenas in its region and beyond.