

Concluding EU- Georgia Free Trade Agreement (Opportunities and Challenges for the Islamic Republic of Iran)

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Abstract

Georgia is the connecting point of the South Caucasus region to the North on the one hand and Russia and the Caucasus to Eastern and Central Europe, on the other. The Black Sea is located in western Georgia, which plays an important role in geopolitical matters in the region. Georgia has three important ports in this sea; the most important one is the port of Poti. In terms of geo-space, Georgia is the main source of access to the Black Sea, being in equations of the east corridor to the west and from the south to the north, also acting as a balance of power between Armenia, Azerbaijan, Russia, Turkey and Iran and the strategic stratagem of Russia, Europe and the United States. Contrary to what is shown in the media, Iran hasn't had significant economic achievements in Georgia.

After the signing of JCPOA (joint comprehensive plan of action) or Iran nuclear deal, a new era of economic relations between Iran and Georgia began. One of the motivating factors for investing in Georgia was the close relationship between Georgia and the European Union. In 2014, "Deep and Comprehensive Free Trade Agreement" was signed between the European Union and Georgia and since then, Georgia has benefited from concessions in economic relations with the European Union. According to some of the provisions of this agreement, Europeans considered concessions for another government in Georgia.

The question is how conclusion of this agreement will provide opportunities for the Islamic Republic of Iran to advance its economic policies in Georgia and whether it could lead to a greater proximity to Iran and Europe. There are many capacities to expand Iran-Georgia ties in economic spheres. In the meantime the European Union seems to be able to bring about closer regional cooperation.

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In response to the above-mentioned question, it can be said that the clauses on free tariffs export, the rules of origin and the visa liberalization with Europe included in this agreement provide great opportunities for Iran and could increase the level of relations between Iran and Georgia on the one hand and improve relations between Iran and the European Union on the other. This cooperation has occurred in energy and transportation sectors.

In the first case, it can be said that Iran and Georgia have a special geopolitical position. The geographical location of Iran between the Caspian Sea and Oman Sea, the location of Georgia along the Black Sea and the fact that both of these states are transit routes for Europe and have great potential to develop three-way partnerships, are of paramount importance. Iran is one of the richest countries in the world in terms of oil and gas reserves, and the EU as one of the largest industrial poles in the world is strongly dependent on imports of energy resources. Georgia also is in need of new energy resources to complete its independency from Russia. On the other hand, oil, gas and other derivatives account for the bulk of the Iranian export market which has led the country to depend heavily on foreign exchange earnings from the sale of these products. Despite the huge reserves of Iran and its geographical proximity to the European Union, energy exchanges are not at the right level. Therefore, there is three-way sensitivity in the field of energy and transit between Iran, Georgia and the European Union.

According to liberal-political theories, regional agreements can open the way for the further expansion of economic cooperation. This is the policy pursued by the EU in its economic diplomacy. European Neighborhood Policy and the Eastern Partnership Program were important steps in active participation of Europe in the South Caucasus region and particularly in Georgia, which led to the conclusion of a cooperation agreement with the country. This paper has used interdependency theory for the hypothesis examination.

Currently good relations between Iran and Europe has provided the ground for effective Iranian presence in Georgia and can act as a major barrier (contributor) to the pressures of the United States and Russia and give Georgia a backing for deepening its ties with Iran. The concept of sensitivity in three-way relationship between Iran, Georgia and the European Union can be useful for all three sides. The concept of susceptibility is a healthy relationship in Georgia and the capacity for this three-sided sensitivity is fortunate. The reading of theory of interdependence means that among the countries with a high degree of bilateral trades, if trade value is not sensitive to price and income developments in the two countries, they will have limited economic dependence.

After the signing of JCPOA, EU confirmed Iran's key role in the Caucasus. There is no doubt that cultural ties between Iran and Georgia can contribute to further development of relations but this will not be achieved without more dynamic economic relations between the two countries. Europe is the catalyst that provides more dynamism. Friendship with the EU is a key factor in increasing Iran's presence in Georgia. Iran has the capacity to play a key role in geopolitics of the Caucasus including Georgia. With Europe's support, Iran will look more as a reliable player. The historical and cultural commonalities between Iran and Georgia, the decline of Russia's influence in Georgia, the involvement of Europeans in issues related to Georgia and Iran as a dynamic actor are the most important means for promoting bilateral and trilateral relations. In addition, Iran could benefit from the dynamics of the deep-rooted bilateral engagement with Georgia and EU.

Keywords: DCFTA, Energy, European Union, Georgia, Islamic Republic of Iran, South Caucasus, Transit Corridor.