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IRAN AND THE COMMON MARKET: THE CASE OF AN OUTSIDER



The European Economic Community (EEC) or Common Market and Iran have been engaged in long and largely inconclusive talks, for about four years now, regarding their future trade relations. This article traces the historical backgrounds of these negotiations and brings out the main issues involved.

The Iranian traditional foreign trade partners were Russia and Great Britain, the two powers that dominated Iranian political and economic scene after mid-nineteenth century. The two great powers became Iranian neighbours by expansion and reached an implied understanding to respect its nominal sovereignty along with that of Turkey, Afghanistan and Tibet as a buffer zone between the two Empires. It was also understood that either one could help itself in Iranian economic sphere. As the following table shows only about 16% of the Iranian exports during 1900-1919 went to countries other than the two. It is also remarkable that 73% of the total Iranian exports went to Russia in 1900 and it was reduced to 67% by 1919 and after that date it almost constantly decreased in direct proportion to increase to the West, until it reached 14% in 1960-1964 period.

**PERCENTAGE OF TOTAL NON-OIL EXPORTS BY VALUE
1900 – 1968 ¹**

Years	U.K.,	India	USSR	US	Japan	Germany	Other	Total
1900 - 4		11	73	0	0	0	16	100
1905 - 9		10	67	0	0	0	23	100
1910 - 14		15	72	2	0	1	19	100
1915 - 19		18	57	3	0	0	12	100
1920 - 4		37	33	15	0	0	15	100
1925 - 9		20	40	17	0	1	22	100
1930 - 40	12	11	27	15	2	10	23	100
1935 - 9	11	6	21	10	3	32	17	100
1940 - 44	4	15	21	20	0	16	24	100
1945 - 9	16	13	11	16	0	3	41	100
1950 - 4	8	3	13	10	8	16	42	100
1955 - 9	10	3	21	14	2	15	35	100
1960 - 4	11	2	14	11	2	14	46	100
1965 - 8	6	1	14	11	3	14	51	100

In the Iranian fiscal year of 1957-58, on the eve of the Common Market's operation, the Six provided 29 per cent of Iranian total imports and accounted for 33.9 per cent of its exports.² A breakdown of the figures among the six shows each one's share in total percentage of the Community.

	Germany	France	Italy	Holland	Belgium	Luxemburg	EEC Total
Exports	68.35	11.35	8.57	7.7	4.35	0.22	100
Imports	52.18	26.86	11.35	0*	1.86	7.72	100

In total the Iranian exports to the EEC amounted to 2836 million rials,³ while her imports from the Six totalled 7541 million rials thus showing a net balance of payments deficit of 4705 million rials or about one and a half times the total non-oil exports⁴ of Iran. Iranian export commodities were mostly traditional goods such as carpets, caviar, raisins and raw materials such as cotton. Iranian imports consisted of industrial as well as consumer goods.

The Iranian Government did not seem to have grasped the implications of this new economic giant for its foreign trade, but within three years the trade figures began to show an enormous impact. In the fiscal year of 1961-62 the Iranian imports from the Community had more than doubled reaching to 16094 million rials comprising 34.1% of her total imports while her exports to the Community shrank to 2449 million rials or 25.5% of her total exports. The balance of trade thus showing a huge figure of 13665 million rials or over five times of her total non-oil export to the EEC.⁵ The alarming fact was a sharp drop on export commodities such as carpet, cotton and raisins which had the Six as their traditional markets.

What is more these unforeseen trade difficulties had come in a most inappropriate time from the political point of view; the upheavals of the oil nationalization and its severe disturbance of Iranian economy and politics had just been brought under control, implem-

ation of the second seven-year economic plan, on which so much hope was invested, faced constant difficulties, and the political tension between Iran and Soviet Union was in one of its highest levels in this century. One Iranian economist had summed up the economic difficulties facing Iran at that time as:

The country was struggling under the impact of an inflationary policy, it was also trying to correct mistakes of an industrial planning..... which had put the country on a stonishing crisis course, an economic stabilisation policy was being considered as a remedy, and furthermore the economy was to undergo a fundamental change in conjunction with the revolutionary program of land reform. These all coincided with some new phenomena: a reduction in oil price in 1960, pursuing of ambitious objectives of industrialisation and development in the Third Economy Plan, a reduction in agricultural production in 1963, and increasing prices of imported agricultural and industrial goods all together worsened the foreign trade balance. 6

Calculation of tariffs for Iranian goods entering the Common Market was at the heart of Iranian trade difficulties with the Community. The Article 110 of Treaty of Rome stipulated that the average of the existing tariffs in the Six would be considered as the common tariff of the goods entering the Community from non-associated countries. Prior to establishment of the EEC Iran naturally exported more to the countries with less tariff level, and thus had developed a bigger market for her goods in those countries. For example Germany imported 85 per cent of Persian carpets going to the Six under a tariff of 20% of the price; while France charged a tariff of 80% and imported only 7% of the Community's total. In accordance with the provisions

* There seems to be mistake in regard to this figure.

of the Rome Treaty, the average tariff for Iranian carpet had been fixed at 40% doubling that of Germany which imported the bulk of this item. There was also a similar situation in regard to importation of raisins from Iran.

The Negotiations

In December 1960, the German Government, following some diplomatic pressure from Iran, asked the Council of the EEC to substitute a fixed sum of \$ 6. — per square meter instead of 40% of the value for the Iran carpets entering the Community. This proposal met with a strong French resistance obviously for supporting the Associates. As regards the raisins problem, the Iranian government was given a short period of time to standardize the product to make it eligible for entering the EEC markets. The first Iranian encounter with the Community did not produce any substantial result, but the Iranian Government set to pursue its demands by establishing a delegation on the ambassadorial level in the Community.

The Iranian Mission in Brussels, assuming a double role, pressed the Iranian case and was successful in achieving a 20% decrease on tariffs applied to some of Iranian goods and thus the tariff for carpet was reduced to 32% of the value. This reduction did not satisfy Iran, however, and an all-embracing diplomatic activity in Iran, as well as in capitals of the Six, finally resulted in formation of a commission to study the problem and make proposals. The Commission proposed substitution of \$ 5.00 per square meter of carpet for the existing tariff of 32% of value. The fixed sum obviously favoured the high quality over the lower quality carpets for exportation, which was not exactly what Iran wanted. After some diplomatic wrangling the Commission finally set both criteria of \$5.00 per square meter and 32% of value whichever was the lower would be charged. This proposal was agreed upon by the Six and approved by the Council and conveyed to the Iranian Government on August 10, 1962. This was a unilateral agreement and could be changed by the Community at any time unilaterally, of course.⁷ Iran even though

achieved a relative success she did not feel secure, but as her understanding of workings of the EEC increased, Iran became more aware of her vulnerable position specially after the admission of Greece and Turkey as associate members who exported the same kind of goods to the Common Market (Turkey carpet and raisins, Greece specially raisins) as Iran did.

The alternatives for Iran seemed to be limited to three: she could strengthen her position in the Community by association or by a formal agreement, she could divert her exports to the other countries and continents, and she could pursue formation of a regional economic block by some of her neighbours. Eventually she did try all the three options.

The efforts of Iran to overcome the Community's discriminations always met with legal limitations enacted in the Treaty of Rome. The Iranian experts saw a way out in Articles 111 and 113 of the Treaty which stipulate that the Council can, if proposed by the Commission, make special arrangements regarding foreign trade with other countries. The Iranian delegation to the EEC submitted a Memorandum based on these articles to the EEC Commission on May 25, 1962. The Memorandum also emphasized Iranian political ties with the West as well as her land reform programs. The memorandum was well received by the Council of Ministers in its sessions on 23 of July and 25 of September, and the first October 1962 was set for preliminary negotiations. In the week-long negotiations a measure of understanding developed and it was agreed to resume the negotiations within a few months, and it was later fixed as 6th of May 1963). 8

During this period the Government of Iran draw a proposal in six parts and submitted it to the Council on January 1963 to be considered in the coming round of discussions.

The final round of negotiations started on time and under strong limitation arising from provisions of the GATT, Treaty of Rome, association of Greece (major problem to Iranian raisins by acquiring 85 of the EEC Market for herself), and the AASM did not leave so much room for manoeuvring. After five days of negotiations a proposal was drawn up

to be submitted to the Council of Ministers. An agreement, based on this proposal, was later drafted and signed by the representatives of Iran and the Common Market on October 24, 1963 and came to force on January 1, 1964. The agreement was for a period of three years but could be renewed for one more year before the expiration date.

The agreement affected small reductions in tariffs for four Iranian export items: it reduced from \$ 5. -- to \$4.5 the tariff on every square meter of Iranian carpet, that of raisins from 9% to 7.3%, dried apricots from 8% to 7% and caviar from 30 to 24% of the value.⁹ In the third article Iran agreed to try to further the exchange of goods between herself and the Common Market.

The agreement is remarkable not so much for its achievements from Iranian point of view but for the fact that it was a pace-setter for some outsiders like Israel to follow and it is generally known as the "Iranian solution" in the EEC circles.

This was definitely all that Iran could get from the Common Market and no more. The other two options that Iran had, namely diversion of her trade to other countries and joining regional economic blocks need mentioning. One basically economic block that had come into existence since 1960 with Iran as a founding member, namely Opec, became quite effective in solving Iranian trade problems even though it had no visible connection with the phenomenon of Common Market. The second economic grouping which was strongly influenced by the Common Market was founded between Iran, Turkey and Pakistan in 1964 called Regional Co-operation for Development (R.C.D.). This organisation which still functions has been largely ineffective. It can be easily discerned from the volume of trade between these countries which is unfortunately next to nothing compared with the total trade of the R.C.D. member countries. It has been more effective in execution of some joint projects, however.

The third option, trade with countries outside the Common Market has been much more successful, and this is particularly true in

Iranian trade relations with the Comecon (Council for Mutual Economic Assistance) countries. The Iranian economic difficulties combined with its problems in foreign trade coincided with a noticeable reduction in the Cold War tensions provided enough incentives for Iran and the Soviet Union to start out a path of cooperation instead of confrontation. The break through came in 1963 by the Iranian pledge not to permit foreign (meaning American) missile basis in Iranian territory. After that there was almost an immediate development on economic cooperation and on improved trade relations. The new trade and economic relations of Iran with the Soviet Union was soon expanded to all East European countries. This proved to be easier and more mutually beneficial as the trade was on a barter basis thus there was no problem of hard currency. By the presence of Eastern block in the Iranian economic horizon, dependence on the West could be noticeably reduced, and furthermore Iran could get better deals from the West by having her options open. The following two tables give the new picture of Iranian foreign trade with Comecon absorbing almost twice the amount of Iranian exports going to the Common Market.

پژوهشگاه علوم انسانی و مطالعات فرهنگی
 رتال جامع علوم انسانی

CHART I. IRANIAN IMPORTS FROM THE PRINCIPAL TRADING AREAS IN PERCENTAGE OF THE TOTAL

Year	EEC	RCD	USA	UK	Japan	Comecon	Other countries	Total
1961-62	34	2	18	16	9	5	16	100
1963-64	36	2	16	14	7	8	17	100
1964-65	34	1.6	17	13	6	6	19.4	100
1969-70	34	0,6	14	12	11	12	16.4	100
1970-71	35	0,6	13	10	12	14	15.4	100

CHART II. IRANIAN EXPORTS TO THE PRINCIPAL TRADING AREAS IN PERCENTAGE OF THE TOTAL

Year	EEC	RCD	USA	UK	Japan	Comecon	Other countries	Total
1961-62	25	0.8	10	11.8	1.6	29	21.8	100
1963-64	25	0.8	12.6	12.5	3.2	24	21.9	100
1964-65	28	1.3	13.7	8.5	1.9	26	20.6	100
1969-70	22	0.4	15.2	4	3.7	39	15.7	100
1970-71	21	0.6	8.1	3	6	38	23.3	100

Furthermore there is a qualitative difference between Iranian trade relations with Comecon and the Common Market; while trade with Comecon has always been a balanced exchange, there has been a growing deficit in Iranian commercial exchanges with the EEC, and it became grossly disproportionate as time passed. In 1972 Iranian imports from the Enlarged Community increased to \$ 780 million and her exports to the Community stood at \$ 80 million, almost one-tenth of her total imports from the EEC¹⁰ After the passage of ten years Iranian commercial relations with the EEC was still regulated by the 1963 agreement which dealt only with carpet, raisins, dried apricots, and caviar.¹¹ Now Iran was desperately trying to sell some finished goods and import some intermediate and raw materials for her industries, a need that the Community was not supposed to fulfill, while there was no similar problems in trade with Comecon, but Iran was manifestly unwilling to expand her trade only in one direction as she was just smarting from her almost exclusive economic dependence on the West during 1950's and was now doubly unwilling to repeat the same mistake in reverse; by sliding into a trade dependence on the East. At this stage Iran was, therefore, struggling to strike a meaningful balance in her trade with East and West, and this obviously required an appreciable improvement in her terms of trade with the EEC Countries¹² a very difficult task to be achieved under the prevailing

circumstances not only because her trade deficit was constantly worsening but it was bound to deteriorate further as the EEC's Mediterranean policy expanded to embrace Iran's trade rivals in the region.

IRAN AND THE EEC'S MEDITERRANEAN POLICY

The beginning of the EEC's Mediterranean Policy goes back to the early 1960's when the Community decided, in accord with its general principles, to expand its relations with the Mediterranean countries that had past colonial or special ties with its members and this resulted in the association treaties with Turkey (1964) and Greece (1962) followed by similar treaties with Morocco and Tunisia in 1969. This policy was further expanded to embrace, in one form or another, Israel, Spain, Malta, Cyprus, Egypt and Lebanon.

In 1972 Commission of the Community proposed to negotiate, in conjunction with its Mediterranean Policy, a common agreement with all states bordering on the Mediterranean that would provide them with a freer access to the Community's markets, entail setting up special financial facilities to accommodate trade and economic cooperation on an extensive level, and include Portugal, Jordan, Syria and Yugoslavia, in addition to the other Mediterranean countries just mentioned. 13

The Community's Mediterranean policy affected Iran most directly and seriously as these countries produced basically the same kind of industrial goods or exported the same kind of agricultural products to the EEC as Iran did and generally had attained the same level of development as Iran possessed. They were, in short, direct and immediate rivals of Iran both in trade with the EEC and in trade within the region. The Community's Mediterranean policy, therefore, posed a serious threat to Iran's policy of attaining a more or less balanced trade with East and West and further than that, it most directly undermined Iran's ambitious development plans as a whole.

These plans have officially been announced to have the objective of attaining the present West German level of GNP by 1984 which would necessitate a yearly importation of goods and services values at \$72 billion¹⁴, and considering the fact that Iran's income from the oil is declining faster than it was expected and probably will stay under the present yearly average of \$20 billion, so in order to be able to finance this huge imports requirement she has to raise her non oil exports from the present level of \$600 million to the required level of \$ 50 billion, that is, 80 folds.

This indicates to the seriousness of difficulties that an advantageous access of the Mediterranean countries to the EEC posed to Iran's industrial development which due to inadequacy of the home market, has to depend largely on Foreign, mostly European, markets¹⁵. The Mediterranean policy not only granted a big advantage to Iran's rivals, it also largely deprived Iran from the Mediterranean markets as well, thus making a balanced trade with the Community and realization of her development plans something next to impossibility. Attainment of Iran's objectives could perhaps be made possible only if Iran was given the same advantages as the E.E.C. gave to the Mediterranean countries. The Community was, however, unwilling to deal with Iran except on the basis of the outmoded 1963 agreement which dealt only with the Iranian exports of caviar, dried apricots, raisins, and carpets to the E.E.C. countries, but the Arab-Israeli war of October 1973 changed the situation and gave a special importance to Iran in the Communities external relations.

IMPACT OF THE ARAB-ISRAELI WAR OF 1973

In retrospect, impact of the Arab-Israeli war of 1973 far exceeds its military and political outcome within the context of the Arab-Israeli conflict, because it produced events that transcend regional issues and altered some established relationships on a universal scale. One of the most obvious by-products of that war was the so-

called energy crisis and its remarkable economic and political consequences. The energy crisis put the whole region especially the oil producing countries of the Middle East, in a different perspective mainly because even the half-hearted, incomplete and selective oil boycott by a few Arab oil producing states for a short time clearly demonstrated the extreme dependence and vulnerability of the entire economic structure of the industrialized countries on oil and its producers. This dependence is specially true as regards Japan and the Common Market countries and for that reason the community began a re-appraisal of its policy concerning the Arab-Israeli conflict, dependence on the U.S. for maintaining the security of oil supply, and its relations with the oil producers in general. The last consideration brought about the Euro-Arab Dialog⁵¹ intended to establish a comprehensive and extensive economic cooperation between Arabs and the Community with far reaching consequences for Iran.

The E.E.C.'s Mediterranean policy and its informal extension to the Arab countries was bound to narrow Iran's potential foreign markets still more and to deny Iran the Privileges granted to her neighbors and fellow oil producers, but the Arab-Israeli war of 1973 provided Iran with an unprecedented and unanticipated opportunity in November of that year as the Arab oil boycott was just taking shape and producing panic in the EEC countries, Iran found herself in a unique position of being the major oil exporter that avoided the boycott, thus having her reliability demonstrated, and her unsatisfactory and outmoded trade agreement with the Community being expired. Iran therefore, realizing her new position decided not to ask for its annual extension and, instead, she pressed for a new agreement which would take into account the new realities and needs of that country.

IRAN AND COMMUNITY RELATIONS – A NEW PERSPECTIVE

There started, therefore, a new realization on both sides that Iran and the Community needed each other, but while Iran's needs

which could be fulfilled by the Community are quite obvious and largely economic in nature as briefly mentioned above, Iran takes a special significance in the Community's political calculations in view of her present military potentials and her past political behavior. ¹⁷ In its subsequent negotiations with the Community Iran is manifestly pleased to capitalize on this point as she had been trying, since her first encounter with the Community in 1962, to make political considerations a Mainfactor in her relations with the EEC. ¹⁸ The Arab-Israeli war of 1973 not only demonstrated the almost total economic dependence of the Western Europe on the Middle East oil but also the fact that Europe's security depends largely on the security of oil supply and that Iran could play a very important role in safeguarding this security. In the long-run, however, security of Iran and Western Europe are considered to be complementary because:

.... the economic ties between Iran and the Community create relations with a security dimension in a broader sense. The supply of oil is of vital importance for Europe; the maintainance of its economic system depends upon it and hence its security as well. Consequently Iran is a potential partner in a double sense: as a supplier of this raw material and as a particularly important power in a region where oil is produced, thus contributing to ensure that the supply lines to Europe remain protected and open. Similarly, the Community is of great importance for Iran not only as a market for her oil but also as a supplier of new technologies and as a market for her future industrial products, and thus of significant importance for providing the economic basis for Iran's future foreign and security policy. ¹⁹

It was largely these considerations that prompted the Commission to ask the Council of Ministers for a resolution that would

authorize it to open negotiation with Iran on conclusion of a new agreement. The Exploratory talks on the matter started in Brussels on January 16, 1974 and Iran expressed her desire for a new agreement which would eliminate all discriminations against Iranian goods and provide for a duty-free access to the European Community for goods produced under EEC-Iran joint ventures. **20**

These provisions would place Iran on the same category as the Mediterranean countries in the EEC's external relations.

The problem for the Community was, obviously, drawing a line somewhere which would distinguish the associated members from the outsiders and this distinction is emphatically demanded from the Community by the associated countries who are unwilling to see their privileged position in the Community rendered meaningless by extension of those privileges to the outsiders. The EEC's Council of Ministers at its meeting on November 12, 1974 reaffirmed, however, the "Political and economic importance the Community attaches to its relations with Iran". Accepting the fact that a normal trade agreement with Iran would not satisfy their mutual needs, the Council stated its willingness to discuss with Iran what might be the best form of agreement to enable both parties to develop their future economic and commercial relations to their mutual satisfaction". **21**

Following these developments, the Commission and Iran announced the agreements on February 11 and March 25, respectively, to re-open negotiations aimed at a general agreement that would take into consideration the current economic and political realities in Iran, in the European Communities and in the world at large. The talks, which have been conducted ever since in a generally confidential manner have proved to be very difficult and as of early April 1977 no final agreement have been reached. The reason for this apparent deadlock can be found in the fact that Iran is seeking for a definitive and long term agreement while the Community is willing only to develop its relations with Iran on temporal and product specific basis.

CONCLUSION

The European Communities started as some shaky and hesitant steps towards realization of the historical aspiration of the European unity, and fulfilling existing needs of war ravaged Europe with extensive overseas interests but with no power to safeguard them. In this difficult position reliance on the American protective power seemed the best expediency in the period of reconstruction. The American protective and constructive power soon proved to be also a very demanding and penetrating one and no single European country could compete with it even on its own territory and no European state could do away with it and protect its own interests alone.

The solution of the dilemma had to come, therefore, from the cooperation among the West European states and hence the European Communities came into being. In addition to promoting economic cooperations among the European countries the Communities became a means of protecting the overseas interests of the members as far as possible. After the initial unsuccessful efforts of France to stem the tides of nationalism in Indochina and Algeria, it was realized that granting of political independence to the colonies was an unavoidable act but this did not necessarily mean that the political and economic interests in the colonies could not be maintained in any other way, and the best way seemed to be strengthening interdependence through economic cooperations between the Communities and their previous colonies, and hence association or other types of special agreements proliferated, enabling Western Europe to maintain the interests that it was in point of losing to the Superpowers, to compete successfully with the U.S.A. on economic grounds and enhance its position and prestige in the world at large.

The European Communities, therefore, proved to be a shining success almost in all respects thus providing incentive for almost every country to join in this successful endeavor or to establish special ties with it, thus a process of expansion set in which resulted in the Enlarged Community embracing nine European countries along with

a big portion of their former colonies or Semicolonies. The Enlarged Community now comprises more than one third of the World's states, most of them underdeveloped countries and hence dividing the Third World against itself. The Third World countries are now in fierce competition with each other for the Community's favors but the Community has divided the World into the categories of full members (Europeans) associates (former colonies), and outsiders which are the real losers.

Iran's relations with the Community started out as a disadvantaged outsider whose main assets included petroleum that was totally under control of the West and her political orientation which was taken for granted. After an unsuccessful attempt in the early 1960's to impress the community by indicating these assets, Iran tried her other options, namely, participating in the creation of Regional Cooperation for Development (R.C.D.), and establishing or expanding trade and economic relations with the East in order to counterbalance her almost total economic reliance on the West. This last option proved to be a successful one, because by entering the East in her foreign economic relations and cooperations, Iran could utilize her assets more effectively, but until the Arab Israeli War of 1973 it entered calculations only indirectly.

The War produced not only a kind of quantum jump in the importance of Iran's previous assets, it also transformed the rather poor and helpless Iran into a huge market for the Community's products on the one hand and to a very important factor on the vital question of oil supply, on the other hand. In her present negotiations with the Community Iran speaks therefore, from a position of strength borne from the changed circumstances and whatever success she may achieve will be due to this fact.

One can, therefore, conclude that any outsider with no important asset to interest the Community will have to stay outside, at least for a while and suffer from the E.E.C.'s success as Iran did and, con-

versely, any outsider with actual or potential assets that can be utilized by the Community may eventually move to its fold. Considering the fact that the most intense and wide spread competition among the underdeveloped countries is over getting closer to the Community, it is only decision-makers of the E.E.C. who accept or reject proposals from the numerous suitors, in other words, this is an unprecedented imperial expansion with a problem of choice. As the Community's interests in the Third World widen and deepen the capital question is whether the Third World will gradually disappear under the shadow of this ever expanding imperial edifice.

پروشکاه علوم انسانی و مطالعات فرہنگی
پرتال جامع علوم انسانی

- 1) Julian Bharier, Economic Development in Iran. 1900-1970 (London: Oxford University Press, 1971). p. 113.
- 2) Gholam-Reza Frazaneh-poor, Common Market and the Iranian Foreign Trade Policy (in Persian) (Tehran: The Graduate School of Commerce, 1972 (1351), p. 362.
- 3) Then \$ 1. = 75 rials approximately.
- 4) Iranians normally did not count oil trade as a part of their exports, claiming that Iran has no oil export policy; the companies produced and exported it almost as they wished.
- 5) Ibid., p. 363.
- 6) Ibid. p. 366
- 7) Molavi, M.A. "L'Iran et les Communautés européennes" Société d'Etudes d'Expansion. Revue 68 (Mai-juin, 1969) p. 2-7.
- 8) Farzaneh-poor, op. cit. pp. 365-367.
- 9) Gholam-Reza Farzanehpour, "A Survey of the Trade Agreement Between Iran and European Economic Community" Taghigat-e-Eqtasadi Nos. 7-8 (March 1964), pp. 106-107.
- 10) Ayandegan (a Tehran daily) July 6, 1973, p. 3.
- 11) The Agreement was slightly ammended in 1967 and extended for another three years. See Molavi, op. cit. p. 4.
- 12) As can be seen from the table on page 2* in the fiscal year of 1970-71, EEC provided 35% of Iran's imports nad aborbed only 21% of her total exports, while the Comecon countries provided only 14% of imports and bought 38% of her total exports.
- 13) A very good treatment of the Community's Mediterranean policy at its early stages of development can be found in Wolfgang Hager "The Community and the Mediterranean" in Max Kohnstamm and Wolfgang Hager;

eds. A Nation Writ Large (London: MacMillan, 1973). For up to-date treatment of the subject see Alvi Shlaim "The Community and the Mediterranean Basin" in Kenneth J. Twitchett, ed. Europe and the World: The external Relations of the Common Market (London: Europa, 1976)

- 14) Karl Kaiser, "Iran and the Europe of Nine: a Relationship of Growing Interdependence" The World Today 32, No. 7 (July 1976), p. 256.
- 15) In the fiscal year of 1973-74, 33.3% of Iran's exports went to the Nine, while 43.5% of her imports was supplied by them. See Ibid., p. 251.
- 16) For a concise treatment of the subject see Karl Kaiser, The Energy Problems and the Alliance Systems: Europe, Adelphi Papers, No. 15. (London International Institute for Strategic Studies, 1975).
- 17) Iran not only did not participate in the Arab oil boycott, she also constantly emphasized inadvisability of such a policy and encouraged Arabs to lift the boycott as soon as possible. Furthermore the main objective of Iran's military build-up is officially stated as to keep oil supply routes from the Persian Gulf to the International markets open.
- 18) In her memorandum to the Commission in 1962, Iran emphasized its political ties with the West as well as the important role that an economically strong Iran could play in safeguarding Europe's security and interest. The Commission while appreciated Iran's political attitude, however, stated that it could not make this point into a factor on its relations with Iran. See. Farzaneneh-poor, Common Market and the Iranian Foreign Trade Policy, op. cit. p. 367.
- 19) Kaiser, "Iran and the Europe of Nine", p. 256.
- 20) The European Communities. Commission. Information Directorate-General "The European Community and Iran" (Note circulated on the Occasion of the visit to Iran of Sir Christopher Soames, May 1975, 254/X/75-F) p. 7.
- 21) Ibid. p. 8

- 1) Stanley Henig, "From External Relations to Foreign Policy: An Introductory Note" The Journal of Common Market Studies, XII, No. 1 (sept. 1973), p.1.
- 2) Henig, op. cit., pp. 2-3 See also. John Pinder, "Community and Developing Countries", The Journal of Common Market Studies XII, No. 1 (Sept. 1973), pp. 70-77.
- 3) L.J. Brinkhorst, "The EEC and The New International Economic Order" (Paper presented at the Symposium on a New International Economic Order, Hague, 1975 Hereafter cited as the Hague Symposium) Report p. 55
- 4) Henig, op. cit., p. 1. .
- 5) Ibid.
- 6) Ibid.
- 7) See for example: Gerard and Victoria Curzon, "Neo-Colonialism and the European Economic Community" in The Yearbook of the World Affairs, 1917, 25 (1972) pp. 118-141. Jyrki Kakonen and Ilkka Vaura, "The Strategy of Neocolonialism: EEC and Associated African Member States" In Mechanisms of Neo-Colonialism (Proceedings of the Nordic Seminar held in Finland, 1973. Manta: Finish Peace Research Association, 1974), pp. 39-60; Impact of Economic Groupings of Developed countries" Economic Bulletin for Latin America XVII, No. 1 (1972), pp. 65-102, and Mashood Danmolte, the Heritage of Imperialism: A study in Historical and Economic Analysis (New York: Asia Publication, 1974), pp. 341-479.
- 8) Pinder, op. cit., pp- 53-70.
- 9) Curzon, op. cit., p. 118. See also Danmolte, op. cit., pp. 344-346.
- 10) Curzon, op. cit., p. 119 Another, and perhaps, more basic reason, resided in the existing geographical spread of dutch exports and its international corporations.
- 11) Danmolte, op. cit., pp. 346-347. See also Curzon, op. cit., p. 119.
- 12) As quoted in B.W.T. Mutharika, "The Trade and Economic Implications of Africa's Association with the Enlarged European Economic Community", Economic Bulletin for Africa X (No. 2, 1974), p. 40.

- 13) In addition the AASM, Greece and Turkey are associate members with a prospect of full membership.
- 14) Danmolte, op. cit., p. 348, and Curzon, op. cit., pp. 121-122.
- 15) Curzon, op. cit., see also Kenneth J. Twitchett, "Yaounde Association and the Enlarged European Community", The World Today (Feb. 1974), p.51,
- 16) Danmolte, op. cit., p. 350-352.
- 17) Gian Paolo Casadio, "External Relations of the EEC", Journal of World Trade Law (July-August 1973), pp. 434-447. See also Pinder, op. cit., pp. 56-57.
- 18) Curzon, op. cit., pp. 125-129.
- 19) Brinkhorst, op. cit., p. 60
- 20) Curzon, op. cit., p. 126
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- 22) Sidney J. Wells "The EEC and Trade with Developing countries" Journal of Common Market Studies, (Dec. 1965), pp. 150-165.
- 23) Curzon, op. cit., p. 128. See also E. Tarabrin "Economic Integration in Africa and the Neo-Colonialist Intrigues" International Affairs (Moscow) (June, 1972), pp. 26-32.
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- 27) Twitchett, op. cit., p. 53 for an analysis of these options see Muthariky, op. cit. pp. 44-48.
- 28) Hajo Hasenpflug, "The Convention of Lome – Towards a New International Cooperation?" Intereconomics (No. 6. 1975), pp. 186.

- 29) Pinder, op. cit., pp. 67-70. See also John Kaufmann "Policies of the Enlarged European Economic Community vis-a-vis the less Developed Countries" Societe d'Etudes d'Expansion. Revue (Nov-Dec. 1971), pp. 800-812.
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- 32) Ibid., p. 188. See also N. Gnevushev. "Stepchildren of Common Market" New Times (Oct. 1972), pp. 11-12.
- 33) M.E. Kreinin, "Effects of the EEC on Imports of Manufacturers" The Economic Journal (Sept. 1972), p. 908.
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