

Iran's President Rouhani visits Italy, France as economic rivalries deepen

Kumaran Ira
5 February 2016

Iranian president Hassan Rouhani made a four-day visit to Italy and France last week, after the European Union (EU) and the US lifted sanctions on Iran following the signing of a deal on Tehran's nuclear programme last July. After Rouhani's visit to Italy and France, German foreign minister Frank-Walter Steinmeier visited Tehran on Wednesday of this week.

After pressuring Iran to sign the nuclear deal and accept concessions proposed, the European imperialist powers are scrambling to get back into a \$400 billion economy with the world's fourth biggest oil reserves and a consumer market of nearly 80 million people. Europe was Iran's largest trading partner before the imposition of sanctions. During his trip to Europe, the first by an Iranian president in 16 years, Rouhani was accompanied by a delegation of 120 officials and businessmen.

Before arriving in Italy on Monday, Rouhani said, "After the nuclear agreement we want to elaborate on a middle-and long-term road map for our relationship with the EU, and especially with Italy and France. ... I will be in Rome and Paris to speak about and possibly come to concrete results on different economic projects, like car manufacturing and the modernisation of our civil aviation."

In Italy, Rouhani held talks with President Sergio Mattarella and Prime Minister Matteo Renzi and took part in an Italy-Iran business forum. Prominent Italian business executives including Eni SpA's Claudio Descalzi and Fiat Chrysler chief executive officer Sergio Marchionne were due to attend a dinner with Rouhani later on Monday. At a press conference, Rouhani and Renzi praised the deals signed between Italy and Iran; Renzi said that they were "just the beginning" for the two countries.

Italian firms agreed to deals worth about €20 billion

with Iran. The Danieli Group, one of the largest equipment suppliers, signed around \$5.7 billion in deals to supply Iran with machinery and install steel and aluminum plants in Iran. The Saipem oil firm and Italian State Railway also signed a memorandum of understanding with Tehran. Shipbuilder Fincantieri signed several deals, including one to develop a new shipyard in the Persian Gulf.

On Wednesday, Rouhani visited France, and met with top French officials and business leaders desperate to recoup the economic losses in Iran due to the US-led campaign to impose sanctions on Iran. France's trade with Iran of some €4 billion 10 years ago fell to only €500 million in 2013.

The Elysée presidential palace rolled out the red carpet for Iranian leader, who signed billions of euros worth of deals at a special ceremony at the palace. At a press conference, President François Hollande declared, "A new chapter of our relations is opening today."

Iran also signed a memorandum of understanding with Franco-German civil aircraft manufacturer Airbus to buy 118 Airbus planes worth about €23 billion as Tehran reestablishes commercial air travel, which had been curtailed by sanctions. Construction giant Bouygues and Aeroports de Paris (ADP) agreed to expand Tehran's airport.

French oil major Total signed a deal to resume buying Iranian crude oil, and PSA Peugeot-Citroën signed a \$430 million joint venture agreement with Iranian carmaker Khodro to produce cars in Iran. They will modernise a factory near Tehran and begin making cars by mid-2017, with the production target of 200,000 vehicles per year. Other agreements were signed on agriculture, health and the environment.

France's dealings with Iran underscore the reactionary character and the sudden shifts of European

foreign policy. Before the nuclear deal, Paris took a particularly bellicose stance, pressuring Tehran to meet all the Western powers' demands in nuclear talks and also seeking to destroy one of Iran's key allies, Syrian president Bashar al-Assad's regime, by backing Al-Qaeda-linked Islamist militias.

Now, while it continues to seek regime change in Syria, Paris is ostensibly fighting the Islamic State of Iraq and Syria (ISIS), backing Kurdish militias also supported by Iran and another key ally of Assad, Russia, and seeking an economic rapprochement with Iran.

This is because the Iranian nuclear deal is, in the final analysis, a mechanism for continuing the imperialist plunder of the region via other means. Pressure is mounting in Tehran, both from its trading partners and from within the Iranian theocracy itself, to abolish price subsidies for basic mass consumption goods, slashing Iranian workers' living standards.

The scramble for markets in Iran and throughout Middle East, ravaged by Western military intervention and war, is taking place amid rising geopolitical competition between the major imperialist powers over who will dominate the region.

Yesterday, German's foreign minister, Frank-Walter Steinmeier, visited Tehran, inviting Rouhani to visit Germany during his next visit to Europe. With sanctions against Iran lifted, the German business community expects its exports to Iran to double in the next three years to €5 billion and to €10 billion in the next five years.

"After more than 10 years of icy relations with Iran, we have finally said 'Stop,' " said Volker Treier of Germany's Chambers of Commerce and Industry.

The EU powers are deeply concerned that the US aggressive stance and harsh sanctions against Iran have significantly undermined their geopolitical interests. There are increasing signs that US-European rivalry over access to Iranian and Iraqi markets, which emerged in the late 1990s in the lead-up to the unilateral US invasion of Iraq in 2003, could erupt again.

There is already discussion in foreign policy circles that Europe could clash with Washington, should the US government seek to re-impose sanctions on Iran in the future. In 2014, US officials openly threatened French companies planning work in Iran with sanctions

. After the nuclear deal was initially ratified last year, the European Council on Foreign Relations published an article in its bulletin on August 26, 2015, titled "Europe won't bow to an anti-Iran-deal US Congress."

The think tank bluntly noted, "Europeans are now looking beyond a nuclear-centric vision of Iran to focus on how they can use the opening up to engage Iranian President Hassan Rouhani's administration. Both Iran and Europe are eager to reignite their once-prosperous trade relations, and Europeans would also like to work with Iran to more constructively de-escalate conflicts in the Middle East. This kind of progress can't be easily undone, and if it is, European policy makers may blame Washington rather than Tehran for prematurely derailing an agreement that was given virtually global acceptance."

The Europeans and the United States also face rising competition from China, whose President Xi Jinping visited Iran before Rouhani left for Europe. China and Iran are reportedly aiming to build economic ties worth up to \$600 billion over the next 10 years. During Xi's visit, China and Tehran signed about 17 agreements in areas including politics, the economy, security and nuclear energy.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact