

International Conference on

'Global Economy and Sanctions'

Al Zahra University – TEHRAN

October 9, 2019

Address by Foreign Minister Mohammad Javad Zarif

We live in a global era where economy and trade has been intertwined. Globalization of investments and services and the interconnection and securing of production chains are important symbols of the economic interrelation between nations.

Expansion of international commerce and the gradually diminishing of internal and external frontiers along with the newly-emerging economies, have altered the traditional rankings of major economies, expanded communications and IT sector, given unprecedented momentum to banking and financial transactions, and globalized the distribution and exchange of goods and services.

These phenomena can both be promising and at the same time entail risks. Holding promise in the sense that it creates and paves the way for the growth of the developing world. Perilous because it intensifies the vulnerability of independent nations, vis-à-vis the political agenda of some big powers.

In the era of global economic interdependence, sectors such as economic, finance, scientific and technological play a more prominent role in the matrix of national power. Today one of the key conditions for attaining national security and safeguarding a political system from real and strategic threats is concentrating on the political economy.

Transformation in the essence of national security from “non-existence of threat” to “sustainable security” has created the conditions wherein governments are apparently seriously focused on the definition of economy, development and growth.

In the same vein, global economic interrelationships also have created serious obligations for governments. This has elevated the role and significance of economic paradigms in the foreign and international policies of countries. Unlike in the past, roadmaps of diplomatic apparatus are not limited to political and security issues. Rather new foreign policy is seen from the prism of welfare, economy and social subjects.

It is for this reason that the diplomatic platform is also dealing with a diversity of subjects. We see that after US President Donald Trump took office, diplomatic space, more than ever before, has emerged as a venue for: talks to cut ballooning negative trade balances among states and

regions, raising or reducing tariffs, sanctions or easing of sanctions, fighting financial crime on the international level and energy policies for strategic competition.

This comes at a time when typical challenges and dangers emanating from rivalry and tensions created by government stakeholders and the increasing threats of non-state players have not receded. What we do see is the rapid advent of complexities that have made decision-making on the international stage difficult more than before.

By the same token, instruments of foreign policy analyses have also become complicated and traditional views cannot deliver. May be differences of opinion among the domestic elite regarding issues like confronting financial restrictions, in retaliation to the actions of some international organizations, could be the outcome of the same view vis-à-vis foreign policy and its misplaced priorities.

As I have mentioned, interrelations of economies on the global scale have created the grounds where the United States government, as the world's largest economy, having almost a quarter of the capacity of the global economy, higher conditions in financial markets, and the power to affect the behavior of other countries, is abusing its elevated position to confront independent governments like in Iran.

The so-called instruments of financial and economic warfare have become a norm in today's international literature. There was a time when such tools were used as an option only to restrict some activities in the target country. However, regarding the new US sanctions, such tools of warfare have been targeting the health and livelihood of the Iranian people.

When the US secretary of state announces that if the people of Iran want food they should capitulate to what we (US) says. This is not sanctions in the earlier sense of the term. If and when a central bank, as a state institution is embargoed to the extent that it is officially banned from functioning in the humanitarian domain such as food and medicine, this does not fit the sanction word.

Thus, the term "economic terrorism" is the most appropriate definition for such behavior. Here the intention of US sanctions is economic war against the people to force them to rethink their views and vision, irrespective of the fallout of the war and its effects on the health and quality of life of the people.

In conventional wars the aim is to attack military targets that at times also lead to loss of civilian lives. International humanitarian law applies to such casualties, and if violation of these laws is confirmed, the onus is on the violator.

However, the maximum pressure sanctions and 'economic terrorism' of the US government from the outset deliberately targeted civilians, especially children. This is something beyond violation of humanitarian law and tantamount to 'terrorism'.

Under the conditions and in dealing with this type of unvarnished 'terrorism' what should be the foreign policy of a country? We are aware that before the 2015 nuclear deal and due to the sanctions resolutions passed by the UN Security Council rendering the economic landscape a security issue, restrictions were imposed on Iran's easy access to investments, technology and global markets.

The restrictions, among other things, included the refusal of countries and companies to cooperate, decline in Iran's share in the international energy market, inability to have enough access to oil export revenues, increase in the price of imported goods, rising costs of trade and declining power to compete.

Add to this the tanking of the national currency, volatility in the domestic currency market, assorted hurdles to developing the tourist industry, lack of presence of major international companies in Iran and difficulties in procuring machinery for the key oil industry and finding new customers for our oil.

Implementation of the 2015 nuclear deal (known as JCPOA or Joint Comprehensive Plan of Action) created conditions wherein lifting of the nuclear sanctions should let us move forward in strengthening our economic landscape. However, this trend was short lived and suffered intensely due to the Trump administration's failure to respect its side of the bargain.

The US walking away from the JCPOA and imposing new restrictions was visibly over and above sanctions per se and is an unambiguous equivalent of economic terrorism. Iran's economic and trade activities are facing a variety of difficulties and as time passes the problems have been of the ascending order.

To counter the "maximum pressure" the foremost response of the people and the Islamic Republic of Iran has been "maximum resistance" that conspicuous in relying on domestic capabilities. However, with regard to foreign policy this maximum resistance toward US economic terror also has a 'to-do' list. I will refer to a few.

One paramount issue is to identify the strength of the opposite side in putting pressure and mobilize efforts to neutralize its strength factor. For instance, in banking and monetary affairs the US, due to the role of the dollar and its influence over the international banking system, has enough power to monitor transactions related to Iran. It also can pile pressure on monetary and financial institutions, use levers to deprive such bodies from interacting with US financial

institutions and from access to the greenback. By doing so, it can cut off their relations with Iran.

For this reason, one of the solutions undertaken by economic stakeholders that is being augmented and facilitated by our economic diplomacy, is to draw on ways and means in foreign trade that to the extent possible, cannot be traced by the US with ease and thus be less vulnerable.

Getting rid of the dollar from our foreign trade, using national currency in interacting with our trading partners, and drawing on assorted means from barter trade of earlier times to other complex and modern methods of “reciprocal trade” is on the agenda.

Other ways include expanding transportation channels less vulnerable to US economic terrorism.

In this realm, maximum use of our strategic and geographical proximity and collaboration with neighbors in ways that lead to economic and trading “reciprocal dependence” is a priority.

On the road to confronting US economic terror and success in resorting to maximum resistance, one issue of great significance in foreign policy must be reducing unwanted tensions in relations with other countries. This, however, does not mean disregarding national interest.

Needless to say, the Islamic Republic of Iran in dealing with US hostility that has targeted the ruling establishment, the integrity of our land and survival of the historical country, must prioritize policies in their entirety, and to the extent possible, manage its bilateral relations with other countries in keeping with its integrity, wisdom and expedience, We must believe in, and be committed to, focusing on the urgent target -- thwarting US' economic terrorism.

Another key factor is to remain vigilant in depriving the US government of success in unilaterally transforming the issue of its economic terror into a legitimate international issue against the Iranian nation. In short, the task must be to not let the US, as was seen in past episodes of history, to disguise and sell its hostile Iran package as an issue and stance of the international community.

In the present situation the US due to its economic and banking prowess may have succeeded in intimidating other countries to uphold the sanctions regime against Iran. But this has come at a high cost for the US itself, in particular in terms of political and executive affairs.

Besides the costs, including uncommon allocation of human and financial resources for mounting pressure on Iran and other countries, due to its unilateralism and the aversion of this behavior by others, the US has no option but to pay a high political cost in wanting others to join its anti-Iran sanctions.

It needs mention that if the US is able to draw on some form of lackadaisicalness and lack of prudence and distort its problems with Iran as a matter for the international community, in short order the political and non-political costs for the US will decline to the bare minimum. If that happens, pressure in Iran will automatically be thrust on the agenda of other countries. This is the imperative that must be avoided with utmost wisdom, prudence and foresight.

Under the conditions and despite all the hardships of lack of resources and foreign pressures, the Foreign Ministry in its capacity as a custodian, its status in offering proposals and analysis to decision making organizations has mobilized all it can to neutralize America's economic war.

We are striving to help materialize the recommendations of the Leader in resisting pressures and on this path seek collaboration and harmony from all sectors of the establishment, in particular the people.