

member countries of the Eurasian Economic Union comes as it is expected that the country will be accepted as an observer member at the summit of the union in January 2025.

Earlier, Dmitry Volvach, Deputy Minister of Economic Development of the Russian Federation, announced on December 4, 2024, that Iran's request for observer membership in the Eurasian Economic Union was approved at the meeting of the deputy prime ministers of the union, a decision that must be confirmed by the leaders of the union.

Iranian President Masoud Pezeshkian also stated in his second televised conversation with the public on December 3, 2024, that Iran is set to be announced as an observer member at the Eurasian summit, allowing us to engage with the member countries of this union with low or zero tariffs.

"This situation creates a market



for us where our producers and traders can participate in these markets with low tariffs".

The Free Trade Agreement between the EAEU and its member

states, of the one part, and the Islamic Republic of Iran, of the other part was signed on December 25, 2023 on the sidelines of the Supreme Eurasian Economic Council.

The agreement aims to enhance trade relations between Iran and the member states of the EAEU and marks a significant step in economic collaboration, partic-

ularly focusing on non-oil trade. Recent developments underscore Iran's growing economic integration with the EAEU, facilitated by the FTA and the ac-

tive participation of the private sector. Trade figures from Iran's northern provinces, particularly Mazandaran, reveal significant increases in both the volume and value of non-oil exports.

Thanks to the FTA, Iran's trade relations with the EAEU have intensified in recent years. The agreement has led to reduced tariffs, facilitating greater market access for Iranian goods.

The enhanced economic collaboration between Iran and the EAEU provides an opportunity for Tehran to strengthen its non-oil exports and pursue economic diversification, thereby easing the repercussions of Western sanctions.

This deepening relationship, particularly with Moscow, is further reinforced by both countries' involvement in developing the International North-South Transport Corridor (INTSC), which is expected to benefit not only them but also other EAEU members.

## Iran's trade with Eurasia on the rise

### Economy Desk

*Strengthening ties with Eurasian countries to tap into global markets is a top priority for the Pezeshkian administration's foreign policy, which has seen a 2.5-fold increase in exports through careful planning and trade facilitation.*

*Iran entered into a free trade agreement with Eurasia four years ago, resulting in a significant reduction or elimination of tariffs. Consequently, trade with member states has increased by 2.5 times.*

Iran has been a party to a free trade agreement with Eurasia for the past four years, which has resulted in a substantial reduction or elimination of tariffs. Consequently, trade with member states has surged by 2.5 times, according to Head of the Trade Promotion Organization Mohammad Ali Dehqan Dehnavi.

Speaking to manufacturers and traders at the Tehran Chamber of Commerce, the TPO chief has noted that Eurasia represents Iran's first foray into free trade, with a significant 87% of tariffs being waived. This development is expected to intensify competition, as Iranian traders must adapt to new market realities, while member countries also seek to capitalize on the opportunity to expand their market share in the country.

The Free Trade Agreement between the Eurasian Economic Union and Iran was signed on December 25, 2023, in St. Petersburg, Russia, aiming to reduce or eliminate tariff and non-tariff barriers and promote economic and trade interactions. Upon signing the final agreement, 87% of tariff codes for trade between Iran and the Eurasian Economic Union will be zeroed out.

The ratification process for this agreement has been completed in the parliaments of Belarus, Russia, and Kyrgyzstan. Armenia and Kazakhstan, as the other two member states of the Eurasian Union must also go through the legal ratification process for the Free Trade Agreement to take effect.

The goal of forming this union is to develop the market and facilitate trade, create a uni-

fied economic space, establish a single market for member states, reduce prices by lowering transportation costs for raw materials, promote fair competition in the common market, and implement joint policies in agriculture, energy, technology, transportation, and other areas.

### Participation in Eurasian Economic Union's annual meeting

The annual meeting of the Eurasian Economic Union was held in Yerevan, Armenia, on September 30 and October 1, with a high-ranking delegation from Iran, comprising government and private sector representatives, in attendance. On the sidelines of the meeting, a trade dialogue between Iran and the Eurasian Economic Union was held, featuring roundtable discussions on topics such as developing trade and economic cooperation, strengthening industrial cooperation in the agricultural, industrial, transportation, and financial sectors, as well as reviewing various issues.

Iranian Vice-President Mohammad-Reza Aref emphasized at

the Eurasian Economic Union's prime ministers' meeting that his country aims to bolster and broaden its ties with member states, particularly through bilateral and multilateral engagement. "We are convinced that sustainable economic growth can only be achieved by fostering robust cooperation among regional nations, and forums like the Eurasian Economic Union serve as a vital catalyst for realizing this objective."

He added that Iran is ready to play a more active role in the union, given its internal capacities, including a potential trade capacity of over \$80 billion with union members, rich oil and gas resources, significant transit advantages, and notable technical and engineering capabilities.

The vice-president emphasized the importance of the International North-South Transport Corridor as one of the key areas of cooperation between Iran and Eurasian Economic Union members, and the creation of a valuable logistical link between Eurasia and vast markets. He announced that the Islamic Republic of Iran is ready to pro-

vide special facilities to union member countries for establishing trade logistics centers in the northern and southern ports.

In addition to the vice-president's remarks, Iranian Minister of Industry, Mine, and Trade Mohammad Atabak elaborated on the key issues, challenges, and solutions for strengthening economic and trade ties with Armenia, including the removal of banking guarantees for technical and engineering services, the elimination of currency commitments for exporters, and the vast potential for Iran's presence in technical and engineering fields, infrastructure projects, and other economic sectors. He also highlighted the importance of removing trade barriers through the efforts of the Trade Development Organization.

According to a report by the Islamic Republic of Iran Customs Administration, Iran's exports to Eurasian Economic Union member countries have seen a significant 16% increase in the first five months of this year, compared to the same period last year. The volume of exports

to these countries has reached 2.2 million tons, representing a 35% growth compared to the same period last year.

The report also reveals that the value of exports to the five Eurasian Economic Union member countries during this period has totaled \$748 million, marking a 16% increase compared to the same period last year. Notably, Kyrgyzstan has experienced the highest growth in exports.

### Free trade for 87% of goods among member states

Deputy for International Business Promotion at the TPO, Mohammad Sadeq Qanadzadeh, shed light on the development of Iran's trade relations with Eurasian Economic Union member states. He highlighted that the implementation of trade agreements will lead to 87% of goods traded among Eurasian Economic Union member states being exempt from tariffs, with 87% of traded goods benefiting from free trade.

In an interview with IRNA, Qanadzadeh revealed that the free trade agreement between Iran and the Eurasian Econom-

ic Union has been inked and is currently under review in the Iranian parliament, with a presentation to the open session expected soon. He noted that the approval process for this agreement has been finalized in the parliaments of Belarus, Russia, and Kyrgyzstan, and Iran is now awaiting its approval in the parliament.

Qanadzadeh underscored that developing Iran's relations with Eurasian Economic Union member states hinges on the provision of infrastructure. "To boost trade, we need to establish a robust infrastructure in transportation and logistics, while also tackling the challenges faced by exporters and traders in the financial and monetary sectors, as well as other areas," he emphasized.

The TPO official stressed that Iran must seize the Eurasian opportunity to expand its global market presence, thereby driving trade growth. The Islamic Republic of Iran's top priority is to strengthen trade ties with its neighbors, particularly Armenia, as a stepping stone for enhancing the volume of trade and economic relations between the two countries.

