





What Could be the Next Step for Iran's Fastener Companies Facing the Current Tensions with the U.S.?

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From 1923 to 1979 Iran and the US once had an official relationship with each other. However, since Iran's revolution the direct relationship between these two countries has been cut off. Before entering the topic of fastener business, we have to take a quick look at the history of Iran-USA relationship, which can be helpful for analysing the situation between these two countries:



All commodities,
Value in million USD
Ref: <https://www.census.gov/foreign-trade/balance/c5070.html>

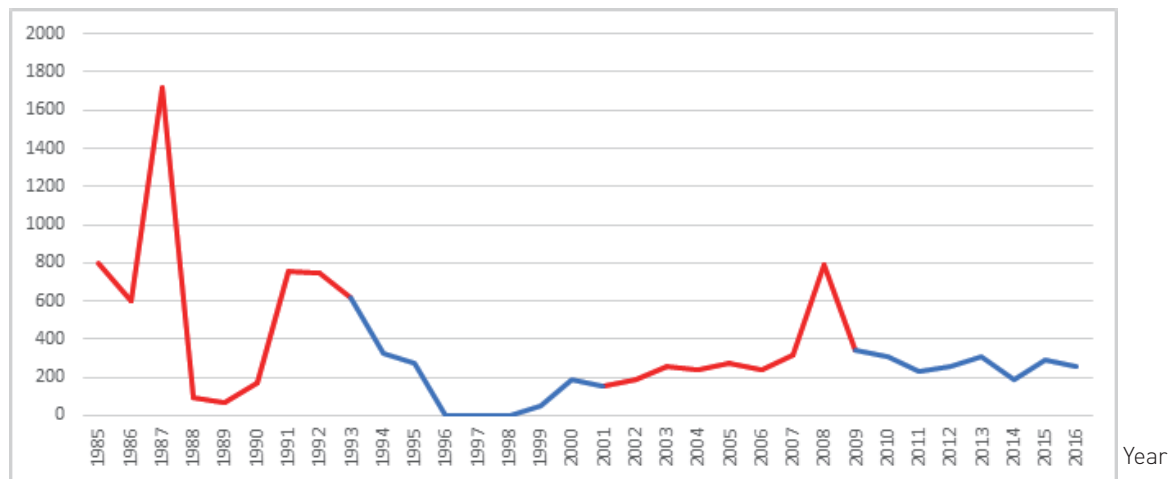
Year	US Export to Iran	US Import from Iran	Total Amount	Republican or Democrat in Presidency
1985	73.9	725.1	799	 REPUBLICAN
1986	34.1	568.9	603	
1987	54	1,667.5	1721.5	
1988	80.5	9.0	89.5	
1989	55.2	8.6	63.8	
1990	162.5	6.8	169.3	
1991	527.6	230.7	758.3	
1992	747.5	0.7	748.2	
1993	616.2	0.1	616.3	
1994	328.8	0.8	329.6	
1995	277.4	0.2	277.6	 DEMOCRAT
1996	0.2	0.0	0.2	
1997	1.1	0.1	1.2	
1998	0.0	0.0	0.0	
1999	47.9	2.4	50.3	
2000	16.8	168.7	185.5	 REPUBLICAN
2001	8.0	143.5	151.5	
2002	31.9	156.3	188.2	
2003	98.9	161.3	260.2	
2004	85.1	151.6	236.7	
2005	95.8	174.5	270.3	
2006	85.9	157.2	243.1	
2007	144.7	173.1	317.8	
2008	683.2	104.1	787.3	 DEMOCRAT
2009	280.4	64.6	345.0	
2010	211.4	94.5	305.9	
2011	233.2	1.0	234.2	
2012	251.1	2.1	253.2	
2013	308.1	2.2	310.3	
2014	186.6	0.0	186.6	
2015	281.5	10.8	292.3	
2016	172.1	86.0	258.1	
2017	4.9	5.6	10.5	

The study of the right-hand statistics shows that although Republican presidents had a strict position on Iran, the business values between the two countries increased, and when Democrat presidents took control of US government, the business values decreased. However, their position on Iran was softer than the Republican.

In 1988 (in Reagan presidency), US Navy cruiser Vincennes shot down an Iranian commercial flight, which was on its way to Dubai. 290 passengers and cabin crew onboard were all killed. Iranian sentiment prompted the value of business between the two countries to drop sharply.

Note: If the government attacks a country, which hurts local people's feelings, the business value collapses. It did happen in 1988 between Iran and the US.

Total Trade Amount Between Iran and The U.S.



In Trump presidency: Trump is a Republican and according to the statistics Iran-US business relationship should have been getting better, but he hurt Iranians' feelings with the immigration ban. On the other hand, US people show that they disagree with this ban. Considering all these events we predict that in the 1st and 2nd years of Trump presidency the business value between Iran and the US will decrease in comparison with 2016, but we also predict that after 2 years it will increase again.

Iran and Europe

Iran has signed valuable contracts with European companies according to a "guardian" report released on 29th January 2016.

- 1- With Airbus (worth €22bn): Aiming to renovate its ageing air fleet after years of sanctions, Iran Air has ordered 118 commercial passenger planes including 12 Airbus A380s, the world's largest jet airliner.
- 2- With Danieli (worth €5.7bn): The Italian metal firm has signed a contract to supply heavy machinery and equipment to Iran.
- 3- With Saipem (worth €3.5bn): The Italian oil and gas contractor has agreed to a deal to revamp and upgrade the Pars Shiraz and Tabriz oil refineries.
- 4- With Peugeot (worth €400m): The French carmaker has made a deal for a joint venture with the Iranian vehicle manufacturer Khodro to modernise a car factory near Tehran, where three new Peugeot models will be manufactured.
- 5- With Total: The oil giant has signed a contract with the state-owned Iranian oil company to buy as many as 200,000 barrels of crude oil per day (€6.6m at current prices), according to the French firm's chief executive, Patrick Pouyanné.
- 6- With Aéroports de Paris and Bouygues: The French company will assist in the construction of a second terminal at Tehran's Imam Khomeini international airport.
- 7- With Vinci: The Italian construction firm will develop a new terminal at Shahid Hashemi Nejad airport in Mashhad, in the northeast of Iran.

Note: After signing the nuclear contract between Iran and Europe, most economists predict that Iranian market will become a booming market of the Middle East. On the other hand, US new policies decreased the execution speed of these contracts. As our prediction, Iranian market will absorb a lot of investments because the Iranian presidential election has been scheduled and the Iran-US policies will become clearer till the 3rd quarter of 2017.

The Fastener Market in Iran

Statistics show a 37% increase in the car production of Iran between 2015 and 2016. In 2015, Iran's car production was above 900,000 units of vehicles and in 2016 the volume increased to 1,250,000 units of vehicles. On the other hand, Peugeot has returned to Iranian market with its new car models. All of the news say that Iran is a brilliant market for fastener producers and the final fastener production and machines needed in Iran will increase as well.

It seems that after the agreements signed between Iran and western countries, Iran will join the WTO, which also means the tariffs will be adjusted and the import to Iran will become easier than before.

Last Word

Iran has a big and original market in the Middle East and it is difficult for many companies like Boeing in USA to ignore this market. Iran has signed a USD16.6 billion contract for 80 airplanes with Boeing and this contract will create 100,000 jobs for US market. We think that the new administrative team of the US will consider these opportunities when they want to issue any law or order against Iran.