

Country Development Cooperation Policy for the Islamic Republic of Iran

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1. Purpose of Development Cooperation¹

The Islamic Republic of Iran (hereinafter referred to as “Iran”), has a population of approximately 80 million people, possesses abundant oil and natural gas resources. Iran also has the geopolitical importance of faces the Strait of Hormuz, a strategic point of Sea Lane and being located on the position connecting Central Asian countries and Indian Ocean. Iran is a regional power that could play a role in peace and stability in the Middle East region. Based on the final agreement of Joint Comprehensive Plan of Action (JCPOA) (hereinafter referred to as “nuclear agreement”) on January 2016, the nuclear related sanctions on Iran were lifted, however, Iran still has various development issues such as stagnation of economic and social development, occurrence of domestic disparity and poverty.

The Government of Japan (hereinafter referred to as “Japan”) maintains a traditional friendly relation with Iran¹. Iran is considered a major energy supplier and a potential market for Japan. In addition, Japanese experts, companies and products are highly trusted in Iran; therefore, the cooperation from Japan and the expansion of Japanese business to Iran are highly anticipated. Thus, the contribution for the stability and development of Iran’s economy and society is important for further strengthening economic relations with Japan and also securing energy supply for Japan through peace and stability in the Middle East Region. In addition, Japan’s cooperative relationship with Iran has a strategic significance as Japan enhances connectivity between Asia and Africa through free and open Indo-Pacific and promotes stability and prosperity in the entire region. Development Cooperation for Iran is significant as it promotes the expansion of traditional friendly relations between the two countries and supports Iran’s integration into the international community which includes trust-building and enhancement of connectivity with regional countries after the lifting of sanctions.

2. Basic Policy of Japanese ODA : To expand traditional friendly relations with Iran and to support Iran’s integration into the international community

Japan expands bilateral traditional friendly relations further by engaging in development cooperation which encourages expansion of Japanese companies and products in Iran to help strengthen the economic relations with Iran, while conforming

¹ Japanese Government has cooperated with Iran since the signing of “ACCORD DE COOPERATION ECONOMIQUE ET TECHNIQUE ENTRE LE JAPON ET L’ IRAN” in 1958.

to Iran's national development plans. In addition, Japan assists Iran's reform efforts for integration into the international community while supporting Iran's steady implementation of the nuclear agreement.

3. Priority Areas

(1) Strengthening of Economic and Social Infrastructure

Due to economic sanctions, social infrastructure renewal in Iran had been stagnated. However, with the lifting of sanctions which is considered a turning point, Iran is proceeding with the progression of economic activities including social infrastructure renewal. For this reason, in terms of promoting a stable and quality economic growth for Iran, in the fields of electricity, energy, transportation and private sector development all of which are the basis of economic activities, Japan assists in improvement of power plant facilities, for considering of increasing of demand for electricity, diversifying industries in the areas of trade and logistics, and job creation. Moreover, in terms of securing people's lives, safety and security, in the fields of disaster management and medical health, water resources management, agriculture and etc., Japan assists in building a resilient nation against natural disasters and major accidents, enhancing the services for medical health, capacity building in water resources management and improving the livelihood of the poor to reduce inequality.

(2) Sustainable Development

As a result of domestic urbanization and rising population in recent years, the urban environment is worsening significantly; for instance, air pollution is intensifying and wastes are increasing. Furthermore, since the lifting of sanctions rapid development is anticipated. In addition, the environment of wetlands, lakes and marshes are worsening due to large-scale development and decrease in rainfall; as a result of which the countermeasures for environment and climate change are becoming urgent matters. For this reason, in terms of promoting the building of a sustainable society, Japan assists in environmental management capacity building and cooperation toward efficient energy use as the countermeasures for conservation of natural environment, prevention of environmental pollution and global warming.

(3) Strengthening Relations with the International Community and the Surrounding Area

In order to encourage Iran, as a responsible regional power, to contribute to the security of the international community and peace and stability in the Middle East region, it is important to prompt Iran to secure the steady implementation of the JCPOA and to cooperate with the international community and regional countries. Therefore, in terms of further connecting Iran to the international and regional

community under steady implementation of the nuclear agreement, Japan assists in improving nuclear safety, strengthening domestic systems in accordance with international standards, enhancing connectivity with regional countries, developing trilateral cooperation and capacity building for anti-narcotics measures.

4. Points to be considered

It should be noted that in addition to the partly ongoing sanctions against Iran, there is the possibility that sanctions against Iran would be re-imposed again (snap back) if there are grievous infringements from the Iranian side regarding the implementation of the nuclear agreement.

Annex: Rolling Plan