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## **BACHELOR THESIS**

**Abstract**

### **International Trade of Iran Mezinárodní obchod Íránu**

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## **1 Introduction**

International trade is the trade between the countries which is done by national and international traders. Considering the fact that no country in the world is able to secure all their demands and internal needs. Of course, there are some limiting factors that prevent progress in the process of international trade such as regulatory barriers, lack of diplomatic relations, war and insecurity and etc.

Thus, numerous scientists including Adam Smith, David Ricardo, John Stuart Mill, Heckscher and Ohlin presented various theories and science in the department of economies that are applied in theories of international trade up to now.

So when we talk about trade we should be aware that the certain trade and its benefit is based on which business strategy, however this involves of having a policy and appropriate rules. One of the most important issue which is also really critical, is the trade policies and custom duties. This can rather strengthen the relations between countries or prevent the progress of international trade. Countries can produce their own goods with higher quality and less expenses and exchange with the goods which they are not specialist for producing them.

In 21th century nobody can deny the value of international trade, also its importance has spread so much that racial, ethnic and regional differences seem less important these days. Today, those countries that have entered the international trade business and achieved the profitability are still trying to expand their trade volume and also have decided to establish different organizations and unions. Iran is one of these countries.

International trade not only promotes the growth and the level of economic expansion of countries but also involves the political, social and cultural development.

## **2 Keywords**

International trade, Macroeconomics, Iran, Trade barriers, Import, Export, Tariffs, Theories, Sanctions

## **3 Objective of thesis**

The bachelor thesis is thematically focused on International trade. The main purpose is to analyze the process and obstacles trading with goods and services in Iran. Partial goals are to make a current literature review and comparative study on theories of International trade and to explain why trade restrictions exist and what type of barriers they consist

## **4 Methodology**

To achieve thesis objectives, the main method was based on the Linear Multiple Regression

Model using SPSS from IBM as a statistical tool. There were 40 respondents who participated in the survey. Then the survey data were analyzed using the Descriptive Statistic Method and the Linear Multiple Regression Model method to verify whether the proposal hypothesis is true or false. In business statistics, there is a significant relationship between two or more variables. The dependent variable was chosen as the total income in the year 2015 while obstacles were put as independent variables.

## 5 Main findings

The aim of project was to find out how obstacles of trading with goods and services can influence the business men's total income for the year 2015 in Iran.

In order to measure the level of satisfaction business men with trading goods and services in Iran, a survey was made and sent, to 40 business companies in Tehran, capital city of Iran. The survey had 12 business relevant questions which was answered mainly by the managers of those companies.

From the survey, gathered data were processed with SPSS statistic software of IBM. By using SPSS software of IBM, the function of statistical relationship were created with the correlation equation:

$$Y = a * X1 + b * X2 + c * X3 + d * X4 + e * X5 + \text{const.}$$

Where Y is total income for the year 2015, X1, X2, X3, X4 and X5 are independent factors as following of sanctions (X1), high export prices (X2), poor productivity (X3), excessive growth (X4), non-price competitiveness (X5). A, b, c, d, e and constant are the correlation coefficients, which indicate the statistical relationship between independent and dependent variables.

So to get the result I used hypothesis testing, where p-value stands for the probability level of each correlation coefficient in the equation. When the p-value is higher than 0.05 (5%), the null hypothesis will be accepted as the statement "there is no statistically significant relationship between two variables"; however, if it is less than 0.05 (5%); the null hypothesis will be rejected as the statement "there is a statistically significant relationship between two variables".

By using the SPSS program of IBM and based on my results the coefficient table was created. From the data of table, the model was generated as the function below:

$$Y = 0.906 * X1 + 0.300 * X2 + 0.292 * X3 + 0.154 * X4 - 0.104 * X5 - 0.876$$

The verification of the statement was based on the comparison of each coefficient p-value with a significant level of 5%. In each statement of coefficient, null hypothesis was considered as equivalent to 0 (coefficients a, b, c, d, e = 0).

As a result, coefficient of indicators of my first three statements sanctions, high export prices and poor productivity were rejected which meant that statistically they had significant influence on the total income in 2015 in Iran.

## 6 Conclusion

However, there was no statistical relationship between total income in the year 2015 with excessive growth and non-price competitiveness in Iran. The statistical results explained that there was a strong relationship between sanctions and total income in 2015 in Iran and in fact sanctions were the main reason why businessmen had so many difficulties while trading with goods and services. Over the years, sanctions have taken a serious toll on Iran's economy and people. There was a huge decrease in share of export of oil products, many international companies didn't want to do any trade with Iran because they were afraid of losing access to larger Western markets.

Moreover, by imposing sanctions on Iran not only foreign trade of country was destructed but also it had an effect on majority of people's life. The value of the Iranian Rial was devalued up to 80% which caused double-digit inflation. The country was facing shortages of drugs for the treatment of illnesses including cancer, heart and breathing problems, thalassemia and etc because Iran wasn't allowed to use the international payment systems and was disconnected from the SWIFT banking network.

Fortunately, on 16 January 2016 United Nations sanctions were lifted and this opened the door to better life for Iranian people and also rejoins Iran with world economy again.

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