

Full Length Research

Understanding the Iran Security Dilemma in the Paris Climate Change Agreement: A Neo Realist Relative Gains Theory

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This paper Examines how oil as economic security affects international participation in terms of climate change- in Iran. The case of Iran is interesting since its reactions are very different compared to other industrialized and developing countries when it comes to the Paris agreement(PA) and its benefits. Our main objective is to see why Iran did not ratify PA formally? And whether adaptation of the agreement is a change in economic sectors such as oil which will bring problems in the sectors such as; employment sector. Analysis of Iran dilemma in Paris climate change agreement is by taking advantage of A Neo Realist Relative Gains Theory. From analysis concerned with relative gains on Iran position in PA and its reactions it is found that, there are strong relations between Iran function and economic security in PA. Due to the fact that, its major producer of oil and natural gas exporter.

Keywords: Iran, Security dilemma, Paris agreement, Climate change, Relative gains theory

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INTRODUCTION

In December 2015, the 195 country parties to the United Nations Framework Convention on Climate Change (UNFCCC) finalized a global, legally binding agreement to limit carbon pollution and improve resilience to the effects of climate change. The agreement, adopted in Paris, will take effect in 2020. A central aspect of the agreement is an associated set of nationally determined goals to reduce greenhouse gas emissions. More than 180 countries representing approximately 95 percent of global emissions have now submitted national targets to the UNFCCC. The United

States, for example, aims to reduce emissions 26 percent to 28 percent below 2005 levels by 2025 (Taraska & Lang, 2016). There are 197 signatories to the Paris Agreement. But 13 nations remain yet to ratify, including some major emitters. In total, these countries account for around 8% of global greenhouse gas (GHG) emissions in 2014, according to data released by Climate Watch. International agreements can be signed, but they only become binding through ratification. That can take an act of parliament or some other formal acceptance. Different countries have different processes. Once ratified, the

agreement commits governments to submit their plans to cut emissions. Ultimately they will have agreed to do their bit to keep global temperatures well below 2C above pre-industrial times and to endeavor to limit them further to 1.5C (Soila Apparicio, Natalie Sauer, 2018). Iran as one of the developing countries has delayed the ratification of Paris Agreement while it has only a three-year window to join the accord, on the ground that it requires careful domestic planning to meet the 4% reduction in greenhouse gas emissions. Mohsen Nasser, the head of the National Climate Change Plan in the Department of Environment, evaluated the delay as positive since it provides time to examine the socioeconomic ramifications of the accord (financial tribune, 2017). One of the most important reasons in this regard is heavily dependency on oil from an economic and political perspective. Based on policy analysis, Iran has one of the highest per capita fuel-consumption rates in the world—six times the global average, and increasing by 9 percent annually (Farzin Nadimi, 2018). From new realism perspective the security is the most important variable for countries and oil for Iran case is such security and powerful leverage. Thus, the basic question of this research is that; Why Iran did not formally adopt the Paris climate change agreement? To answer this question researcher argued that ratifying the deal would carry considerable costs for Iran's economy as a major producer of oil and natural gas exporter. Hence, this research aims to analyze the reasons that Iran did not agree in the Paris climate change accord, whether it is because of the domestic political interest's or Iran aims to defend its economic interests and maintain its power regionally and internationally. In addition, this paper adopts a neorealist approach with a focus on Iran's function and oil-dependency dilemma to explain clearly Iran's role and function in Paris international climate negotiations. Thus, the first theoretical framework based on neo Neorealist Relative Gains Theory, then the Paris agreement would be described. In the following sections Iran Security Dilemma for assessing the effects of the oil-dependent economy and identifying materials that form the basis of the analysis and its role in Paris agreement would be reviewed.

Theoretical Framework: Neorealist Theory of Relative Gains

Realistic tradition scholars have long acknowledged that cooperation is an important feature of world politics. They studied, for example, the security dilemma and its effects on cooperation between hegemonic leadership and economic cooperation in 1975, 1987. They proposed that anarchy hinders cooperation not only because it causes cheating problems, but also because it creates countries to worry about partners achieving relatively

greater gains from collaboration. Realists argued that two barriers to cooperation must be overcome by states: the enforcement problem and the relative gain problem. Robert Powell, for instance, (1991) offers a model that proves the fundamental realistic argument that anarchy states might have security-based concerns about the allocation of cooperation gains (Grieco, Powell & Snidal, 1993). Moreover, the security community theory of Emanuel Adler and Michael Barnett is an attempt to move away from some of these core assumptions through a broadly constructivist approach. They argue, therefore, that while states cannot escape the security dilemma, security communities allow them to transcend it by reversing the state of fear (not uncertainty) on which the interpretation dilemma is based. Security communities start when states seek closer relationships after recognizing that cooperation on security or economic issues fosters their interests, according to Adler and Barnett. As a result of this process of integration, countries do not see other states within the security community as a danger and the 'psychological fears feature of security dilemmas 'disappear, thus overcoming the interpretation dilemma by overcoming fear. When the security dilemma is removed, the economic and environmental dynamics of non-military security would appear (Schmah, 2012). Hence, the Author believes that, nations might be a concern on relative gains that has a link to military security. From another side, it might be linked to international power and economic position of countries. In terms of new realist relative gains concerns based on security dilemma, reactions of countries are due to the level of uncertainty that they assumed to be willing to accept in international cooperation. This perspective makes the clear new dimension of security dilemma – economic concerns- as factors that influencing countries about gains and severity of relative gains in important international negotiations.

There is minimal utilization of neorealist relative gains theory to explain international cooperation and negotiations on climate change. The neorealist theory has a pessimistic view about the actions of countries and international cooperation, even though there is influential international institution including the United Nations, mutual interests and interdependence between states (Olivia Ike, 2016). Neo-realists argued that the main objective of states is not to obtain the highest possible individual gain or payoff, but to prevent others from progression in their relative capability. Appropriately, Kenneth Waltz asserted that since nation-states choose to maintain their relative position inside the international system in order to enhance their security and thus guarantee their survival (Majerus, 2012). Relative gains seeking impose on nations and their payoffs powerful requirements. It necessitates, most of all that countries interpret and compare other results and assess in terms of them their own outcome (Snidal, 1991).

To be more exact, countries afraid that their partners will attain fairly greater gains; that, as a result, the partners will rise ahead of them in relative capabilities; and, eventually, that their increasingly powerful partners might at some stage in the future become more and more formidable opponents. State positionality, then, generates a relative gain dilemma for collaboration. That is, a country will decrease to join, left, or rapidly limit its contribution to a cooperative arrangement if it believes that partners are attempting to make relatively higher gains, or are likely to achieve them. A state that involved to relative gains can decline to cooperate although it is convinced that partners will preserve their joint arrangement commitments. Nevertheless, if a nation assumed that a proposed arrangement would produce Absolut gains to all parties, but would also deliver gains to others, there'd be greater confidence that partners would comply with the terms of the agreement (Grieco, 1988). Thus, the neorealist theory emphasizes the interests of nation states and relative gains theory as interest based theory concentrate on a diverse range of benchmarks such as economic variable in international negotiations. Based on COP 21 so as to mitigate climate change effects, the emission of greenhouse gases has to be reduced by diminishing the use of fossil fuels and non-renewable resources such as oil and gas. Iran oil-dependent country, as a case study, in this research was concerned about its financial potentiality, economic status, power position in the international system in terms of Paris agreement.

Paris Agreement

There is no doubt that we are collectively aware of the significance of curbing our global carbon emissions. So far we have begun to just go down the path towards a sustainable future. But the question still remains: can we work around each other fast enough to prevent serious damage to societies around the world? This was exactly what the Paris Agreement in 2015 wanted to accomplish (Hacker Noon, 2018). Fifth Assessment document provides a comprehensive assessment of the rising sea level, and its causes, over the past several decades and also it induces. It also estimates cumulative CO₂ emissions since pre-industrial times and provides a CO₂ budget to limit warming to less than 2 °C for future emissions. Roughly half of this maximum amount was already issued by 2011 (Climate Change, n. d.). According to UNFCCC, The Paris Agreement builds upon the Convention and for the first time brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so. As such, it charts a new course in the global climate effort (United Nations Framework Convention on Climate

Change, 2018). NRDC declares that; Countries responsible for 97 percent of global emissions have already pledged their Nationally Determined Contributions (NDCs) for how they will address climate change. Countries will revisit their current pledges by 2020 and, ideally, strengthen their emissions reduction targets for 2030.

The Paris Agreement includes a stronger transparency and accountability system for all countries, requiring reporting on greenhouse gas inventories and projections that are subject to a technical expert review and a multilateral examination. Countries will continue to provide climate finance to help the most vulnerable adapt to climate change and build low-carbon economies. While the Paris Agreement does not “solve” climate change, it allows us to start the next wave of global climate actions, creating a virtuous cycle for more aggressive action in the decades to come (NRDC, 2017). Moreover, the scope of the pact is incomparable. Previous attempts to negotiate a universal Paris agreement on climate change have either failed or resulted in a limited number of states seeking modest cuts in greenhouse gas emissions without a clear process for strengthening them over time. The international community, on the other hand, is now acting with each other and agreeing to do so for decades to come (BSR, 2019).

To be clearer, it establishes a shared commitment and schedule to create a reliable system for measuring progress. It recognizes and begins to plug the financial gap for achieving the target. Finally, it outlines a governance structure, focused on five-year reviews of progress, that should enable a crucial “race-to-the-top” as nations and subnational governments around the world drive progress to announce at their next time on the global stage (Nepstad, 2015). Since solving the global climate change problem is essentially a problem of conflict and cooperation, realism and liberalism as well as their distant cousin's neorealism and neoliberal institutionalism have been applied in order to explain climate politics. With regard to climate change, these theories are helpful in the sense that they try to identify the role of countries, the extent to which cooperation is possible and which type of gains actors are pursuing. Neorealism as an extension of the realist theory of International Relations focuses on the structural imperatives established by the international system (Pfefferle, 2014). To be clearer, based on relative gains theory in the 2015 conference of parties the objective of countries was to negotiate be applicable to all nations although countries followed a different path based on their interests. South Africa, as an example, stated that Paris agreement would not provide the foundation for nations to contribute their fair share. In addition, Iran is not in favour of the agreement because believed that Developed states have to enhance their actions and support developing countries. Thus, the

author believes that from relative gains theory Paris accord relatively successes by changing the paradigm of climate change negotiations due to international politics.

Oil dependency -Iran Security Dilemma

The oil sector in the Iranian economy has provided major national income over previous decades, and in fact this sector plays a dominant role in the economy of the country. Iran oil sector is one of the world's oldest.

Production began in 1908 on the oil field of Masjid-i-Suleiman which is located in the south part, Khuzestan province, of Iran. As a consequence, Iran has one of the most mature oil sectors in the world.

Before 1965, about 80% of its reserves were discovered. The production of oil in Iran over the previous years fluctuated due to different matters such as economic policy, sanctions, International cooperation (Figure 1). Produced some 3.54 million bpd¹ in 2010, although production had fallen to about 3 million bpd by the beginning of 2015 (Mohamedi, 2015).

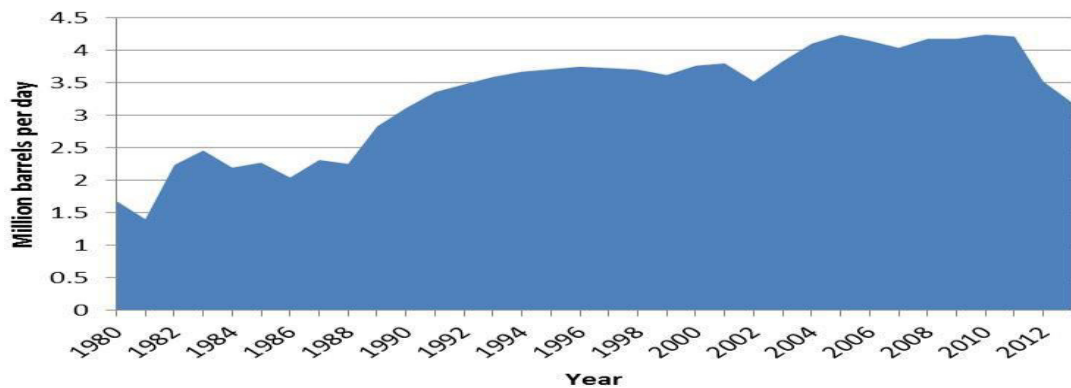


Figure 1. Production of Iran Oil
Adopted from: Energy Information Administration.

Due to the large size of the Gas and Oil sector in this nation, Iran has the largest economy in the Middle East and North Africa region (MENA). Iran ranks second worldwide in natural gas reserves and fourth in proven crude oil reserves following Saudi Arabia. With oil rents accounting for almost 20% of GDP in 2014, Iran is a true energy superpower. Therefore, government spending relies heavily on the price of oil that persist unstable to this day (Irina Ahmed, Josh Cohen, Mihir Trivedi, 2017). The gross national product attained \$393.7 billion in 2015 especially in comparison to \$425.33 and \$511.62 billion in 2013 and 2014. The Iranian economy was predicted seeing a rate of growth of 4.5 percent between 2016 and 2018 (Economy of Iran - Fanack.com, 2018). In other words, Iranian policy and economic activities are closely linked to oil. Oil is the most important source of currency revenues and one of the main sources of public funding in Iran. In addition, the oil sector is important in GDP. The share of oil in national production has been steadily increasing since the 1950s, and today the bulk of the gross national product has been allocated to oil. Oil accounted for 12.3 percent of gross national product in 1962, accounting for 18 percent in 1967. These figures reached 50.6 percent in 1972 (Katouzian, 2004). For example, between 1949 and 2006, oil produced a 20

percent increase in Iran's GDP, and research results indicate that at this time, oil price changes were in line with trends in Iran's GDP (Farzanegan, 2008). Hence, the crucial role of oil in public spending, government revenue, national and international policies, participation in regional and international agreements and conventions means the widespread involvement of government programs, the country's economic transformations in oil revenues. This issue has made Iran's economy fragile, resulting in poor performance at the national and international levels. To illustrate the importance of oil in the Iranian economy, in the following section author would review the role of oil in changing the situation of unemployment and employment.

The Relations between Oil and Unemployment, Employment

It is clear that creation of jobs requires investment in any sector and, on the other hand, oil revenues are always viewed as one of the country's largest resources of state income. It is the oil that is very essential for employment, more than any other factor (Asgarian, Asgarian & Khodabakhshi, 2013). The author believes

that in Iran, eliminating unemployment is one of the most important indicators of economic development because unemployment in Iran causes many social problems. Unemployment affects the poorer social classes and causes the formation of crime and other social deviations. To be exact, the importance of employment and employing a larger percentage of the active population of each country is considered as a short-term and long-term goal of any government. Obviously, any government with the various tools it has is using economic policies to achieve its goals. Most of them are increasing job opportunities and, in fact, reducing illness in society. The oil industry in Iran plays an important role in the job creation of people. In Iran, due to the increasing importance of oil in national income accounts, this sector is expected to solve a large part of Iran's labor problems in terms of its huge role in export revenues.

Waziri stated that, Iran's oil industry is considered as the country's leading industry, which has played an important role in expanding industries the emergence of the working class and employment. Since its foundation, the National Iranian Oil Company has been established as the largest manufacturing institution in the country, which has been added to the rise of oil prices in the 1970s. In 1975, the American magazine produced a list of 300 industrial firms operating outside of the United States. The National Iranian Oil Company ranked No. 3 in the list (Waziri, 2001). To put it simply, an estimated 132.5 billion barrels of oil and 296 trillion cubic meters of gas are managed and exploited by the National Iranian Oil Company (NIOC), the Islamic Republic of Iran's national oil company. NIOC, ranked among the world's top two or three oil companies, generated some \$46.9 billion in revenue from oil exports in 2006, accounting for 80-90% of Iran's total exports and 40-50% of the government's budget and its policies (Brumberg & I. Ahram, 2007). The main impact of oil on employment and job loss through the funding mechanism to create new industries and expand bureaucracy. Given the high contribution oil makes to Iran's budget, government employment programs such as the creation of new industries and expansion of state-organizations have related to oil revenues.

On the other hand, private companies also benefit from oil revenue through the use of bank facilities, public transportation networks. Looking back on the past, it appears that the workforce in the industrial sector shows some sort of correlation between the growth of the industry and the increase in oil revenues. For example, between 1956 and 1966, the industrial workers increased from 1190000 to 1875000, and this trend continued in the following years (Mosalnejad & Sheikh Zadeh, 2013). The unemployment rate declined to 11.7 percent in the second quarter of 2017, following a rising trend of oil in 2015-16. The recent easing in the unemployment rate took place despite an increase in the labor force

participation rate (LFPR) to 41 percent (a rate last seen in 2007) from 40.4 percent in the same period of 2016. In recent years Iran government based on oil revenue has attempted to implement a series of measures to improve participation and job creation, including improving applied skills of new university graduates and social security contribution waivers for businesses employing new graduates (World Bank Group, 2017). Hence, from an author perspective based on abovementioned issues oil and the oil sector are the most effective and largest industries in the world, especially Iran which is main vulnerable sectors of the Iranian economy. Supplying energy in today's world is an important role in determining the extent of national power and international credibility of countries. For many years, the government has played an important role in the country's economy, and since the Iranian economy is based on oil, the impact of oil on the economy is prioritized. The State will not be able to eliminate this instability and will only be able to properly manage it on domestic and international issues and negotiations in terms of interest.

Relative Gains and Reasoning Iran Dilemma in the Paris Agreement

At the 1992 Rio de Janeiro Earth Conference, Iran drafted the UNFCCC and ratified it in 1996. In 2005, it approved the Kyoto Protocol and arranged the Designated National Authority (DNA) in 2006 to incorporate CDM initiatives. In 2009, the National Rules of Procedure for CDM Project Permission were authorized (Nachmany, Fankhauser, Davidová & Kingsmill, 2015). At the most recent meeting of the Parties in Paris in 2015, nations' primary objective was to deduce negotiations on the Paris Agreement, which will apply to all countries and enter into force by 2020. 187 out of 196 Parties communicated Intended Nationally Determined Contributions (INDCs) in 2015. These contributions – as long as they are not updated or replaced – serve as “Nationally Determined Contributions” (NDC) under the Paris Agreement. The NDCs describe the efforts which Parties make to contribute to the global response to climate change. According to Article 3 of the Paris Agreement, such efforts cover the areas of mitigation, adaptation, finance, technology, capacity-building and transparency. The CO₂ emissions per unit of GDP for most countries show an overall downward trend, with no severe changes over the past few years. Only in Iran and Saudi Arabia did an increase occur between 1990 and 2015 (Figure 2.) (Moosmann, Neier, Mandl & Radunsky, 2017). In particular, Iran's economy grew by 139% in real terms between 1990 and 2010 and its CO₂ emissions grew by 170.7% in the same period. In Iran electricity and heat

production are activities which create CO2 emissions. They constitute 32 % of overall Iranian emissions in 2010. Energy prices in Iran are low and winter months are cold, so winter consumption of electricity is increasing. Since 95 % of electricity supply is generated using oil and natural gas then this yield to an increase in CO2 emissions (Rustemoglu & Ugural, 2017). In addition, Iran was one of the emitters of CO2 in 2015 although the

energy is heavily dependent on natural resources (Table 1). Iran has the world's second largest oil reserves and is a major oil producer. It is also the fourth largest gas producer with the world's second largest gas reserves. As a result, more than 90% of its greenhouse gas emissions are accounted for by the energy sector. In 2010, 99% of Iran's primary energy supply came from its own oil and gas resources (Grantham Research Institute on climate change and the environment, 2016).

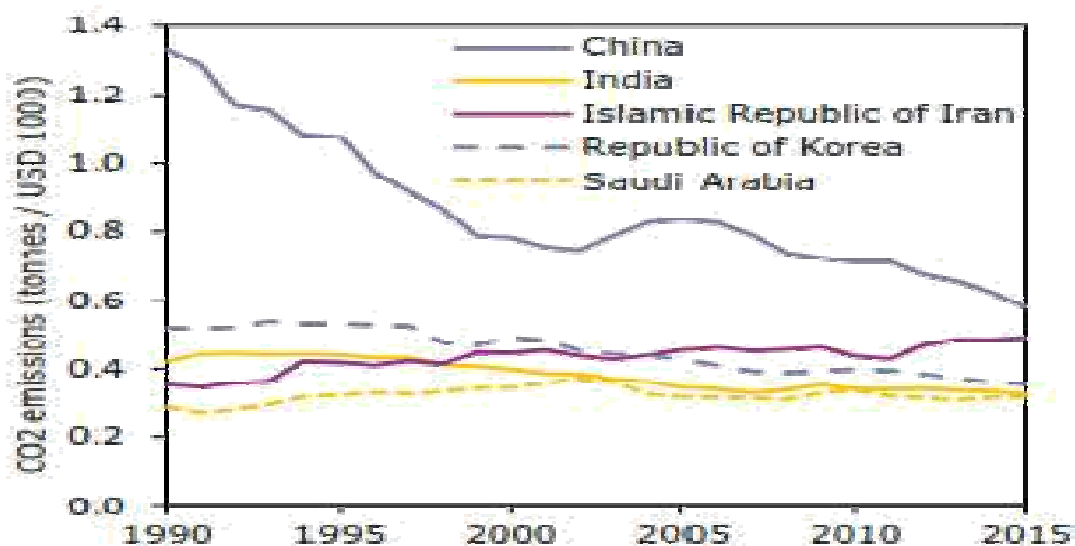


Figure 2. CO2 emissions per unit of GDP of Parties with the largest emissions in 2015 (EDGAR with- European Commission, 2016)

Table 1. Parties to the UNFCCC with the largest CO2 emissions in 2015

Party	CO2 emissions (million tonnes)	CO2 emissions (percent of world total)	CO2 emissions (tonnes per capita)	CO2 emissions per GDP (kg per 1 000 USD)	Greenhouse gas emissions (million tonnes CO2 eq.) in 2013
China	10 642	29.5 %	7.7	579	11 735
United States	5 172	14.3 %	16.1	306	6 280
European Union	3 470	9.6 %	6.9	192	4 225

Table 1. Continuation

India	2 455	6.8 %	1.9	327	2 909
Russian Federation	1 761	4.9 %	12.3	503	2 199
Japan	1 253	3.5 %	9.9	276	1 353
Islamic Republic of Iran	634	1.8 %	8.0	491	717
Republic of Korea					
Canada	555	1.5 %	15.5	361	738
Saudi Arabia	506	1.4 %	16.0	319	547

(EDGAR - European Commission, 2016).

It's been argued that neorealist emphasizes the interests of nation states and relative gain theory, relative gains and interests consider as an influential factor for nations to participate in international negotiations. In that sense, Iran's position has been portrayed as in accordance with Neo Realist Relative Gains Theory different outlook towards the other states in the Paris agreement, because nations seeking benefits that will or expect to receive from significant global accords in contrast to other states. To illustrate, According to the British Petroleum Company, Iran will have oil production in the next 110 years, while the United States will have oil reserves in the next 12 years. In the area of gas extraction, Iran will have gas resources for the next 177 years and the United States for up to 14 years, so oil and gas for Iran in the coming years will create a high competitive advantage. In other words, despite the fact that most of the member states of the Treaty of Paris have a few reserves of oil and gas reserves for them, the ability of Iran to develop and extract oil resources is very high. In fact, the acceptance of the agreement has created restrictions on the exploitation of the country's oil and gas resources, which slow down the country's economic progress and index of employment. On this basis, it can be said that the Paris Treaty is an instrument that developed countries will use to control the strength of future rivals as

the holder of huge oil reserves (The implications of joining the Paris deal for Iran's economic growth, 2016). In other words, Acceptance of the Paris Agreement creates certain restrictions on the exploitation of the country's oil and gas as main resources, which slow down the country's progress, because the fulfillment of obligations in the form of reduced use of oil and gas, restrictions on the construction of power plants with fossil fuels, refineries, petrochemical complexes and each Other industrial, oil and gas consumers, as well as carbon tax payers, are emerging, and therefore accepting them, contrary to the general policy of the system and obstacles to the realization of the national economy for job creation (Iran will leave Paris treaty?, 2016). Shares of the industrial sector in GDP with oil is 18- 19.5% from 2004 to 2010 which reflects an increasing trend. Regardless of oil, its share rose by 5.7% and reached to a quarter of GDP in 2010 (Table.2.). Over several years ago, Iran has progressed rapidly in various scientific and technological fields. Major advancements have taken place in the petrochemical, pharmaceutical, aerospace, defense, and heavy industry sectors although, Iran's oil and gas industry is the most active industry cluster of the country(Department of Environment, National Climate Change Office, 2017).

Table 2. Shares of the industrial sector in GDP

Year	2004	2005	2006	2007	2008	2009	2010
<i>With oil</i>	18.1	17.5	17.6	17.5	18.7	18.4	19.5
<i>Without oil</i>	23.8	24.3	24.1	24.3	25.0	23.1	25.2

Regardless of Paris agreement and commitments, some parties such as Iran (the Islamic Republic of) stated that the effects of implementing mitigation initiatives may have a significant impact on their economies, which are highly dependent on revenue generated from the production, processing, export, and consumption of oil, gas, fossil fuels such as coal petroleum (UNFCCC, 2019).

However, this study found it more reasonable to analyse Iran's position under the framework of neorealism due to Iran's attempts to benefit from Paris agreement and newly emerged threats in its economy. According to Author perspective, Iran's altered attitude in the process of Paris agreement in 2015 which can be viewed as an indicator of its Relative Gains Theory outlook to the issues in this scope and international negotiations (Figure 3.)

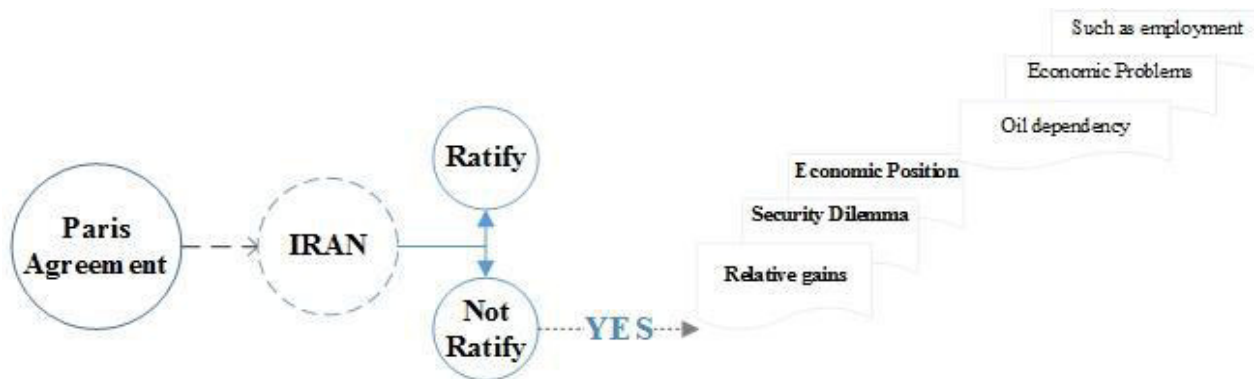


Figure 3. The logic of Iran in Paris agreement based on relative gains theory

Based on reasons behind relative gains, it has come out of the realization about the fact that Paris pact harmed Iran economy and some sections such as the employment of Iranian citizens. Based on relative gains theory, Countries want equal opportunities from international agreements because they don't want other nations to become more affluent and therefore more strong than they are in the international community. International climate change agreements, Paris agreement, and involved countries using their financial resources to combat climate change problems. The

financial potentiality of nations indicates economic position based on their resources and greater a country's financial capacity the better it can protect itself from threats. Countries are concern about the economic position and power status domestically and internationally. With the advent of landmark COP21 in 2015, Iran has been portrayed as one of the opponents for climate change agreement, which has undermined the oil-dependent economy and implementation of domestic policies. Thus, it's been contended that Iran's dilemma in COP21 is highly related to economic interests and its

main resources such as oil. The influence of international decision-makings would be considered based on gains and economic costs and these factors affect the timing and style of the response of countries to international negotiations.

CONCLUSION

This research examines the major determinants of Iran as an opponent- in the Paris climate change agreement which started in 2015. This paper uses the neorealist relative gains theory of international relations to assess international cooperation on climate change negotiations. The theoretical framework postulated in the paper explains the underlying reasons for Iran different function in COP21. A content analysis of the resources from Iran journals and international reports that are concern about the role and function of Iran in international negotiations was conducted. The finding demonstrated that Iran is highly concern in regards to relative gains. Iran wants to be fair about the advantages of Paris agreements because it doesn't want nations to gain relatively further benefits from climate change agreements. The fact that we found a relationship between the oil-dependency economy and participation in Paris accord reveals how influential the oil and gas as a security dilemma are to the Iranian economy. It is also argued that approval of the Paris agreement and its implementation is a risky action, which cannot be completely fulfilled without important aspects of accord in terms of development and economic growth. In addition to that, based on relative gains theory which takes into account the economic costs of international agreements, the self-interests of nation-states it is understood that due to the approval of Paris accord Iran industries particularly oil-dependent companies easily would lead to the problems such as unemployment. Thus, if domestic economic aspects are not undertaken in the adaptation of agreement in the near future, the economic development of the country which is heavily dependent on oil and gas will not eventuate and hence the rate of unemployment in the industrial section will continue to rise in the years to come.

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