Iran’s Northern Exposure: Foreign Policy Challenges in Eurasia

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Abstract

This paper analyzes Iran’s evolving interest and geopolitical challenges to its foreign policy in Central Eurasia. Historically, Iran, Turkey, and Russia have wielded the greatest influence in Central Asia and the Caucasus region. Therefore, it is not surprising that these three countries reemerged as principal actors in the region during the first decade of the post-Soviet era. Since the collapse of communism in the Soviet Union, Iran performed a balancing act. That is, it aspired to develop closer relations with a region with which it shared significant historical and cultural ties. At the same time, Russia regards Central Eurasia as its sphere of influence and would like to keep the “intruders” at bay. Hence, the United States’ expanding presence in the region has added a new twist to Iran’s geopolitical calculations in how to define its policy toward the region. Turkish-Iranian cooperation and competition in the region is yet another piece in the strategic triangle that molds Iranian regional political posture. The looming impact of these three countries aside, as an emerging regional power with its own political agenda, perception, and calculus of its interests, Iran uses identity politics and shared cultural and religious values, where appropriate, to forge closer relations with Central Eurasian countries. Beyond this motif in Iran’s foreign policy, this paper concentrates on political, economic, and strategic variables affecting Iran’s foreign policy decisions in Central Eurasia. Islamic factors are treated as variables within the broader context of sociocultural factors that have played a role in shaping Iran’s foreign policy in the region.
Introduction

This paper analyzes Iran’s evolving interest in, and its foreign policy towards, the states in post-Soviet Central Asia/Caucasus. A central focus is placed on the mechanisms by which a broad context of sociocultural factors worked to shape and condition Iran’s post-Cold War foreign policy stance in, and the ways in which strategic factors interfered with, its geopolitical calculations vis-à-vis the region. In general, Iran’s relations with post-Soviet Eurasia have been conditioned by an interplay of evolving factors: the Islamic Republic’s perception of itself as a “revolutionary Islamic state;” its perception of itself as a cultural entity with long historical ties with Eurasia; and its calculus of economic and strategic interests. This self-perception, the first and second factors identified above, weighs heavily on ideational and ideological dimensions of Iran’s foreign policy toward Eurasia. As formative as they are for Tehran’s foreign policy stance towards the post-Soviet region, these variables have their origin not only in “the Iranian penchant for projective ideational policy, a sense of mission and purpose, but also in the twin factors of geographical realities of being a linchpin-pivotal state, and the disproportionate impact of its relations with the US for the megaregional complex of the Middle East/Persian Gulf/Eurasia.”¹

Iran’s foreign policy in Eurasia has also been largely influenced and shaped by the country’s pull and push factors in terms of its assets and liabilities in the region. Among Iran’s assets in this regard is the country’s geographic location that links the Persian Gulf with the Caspian Sea, thus providing the landlocked states of Eurasia with the most economical and efficient access to the open seas. This is with the exception of Georgia, which is located on the Black Sea and so does not depend on Iran for its open sea access. Similarly, Iran’s geography affords the most efficient road and rail link between Central Asia, Turkey, and Europe. Moreover, historical and cultural links between the Central Asia/Caucasus region and Iran are still strong despite decades of separation between them. Iran’s civilizational influence today exists not only in the predominantly Persian-speaking countries, like Tajikistan, but also among many Turkic people of the region—all themes that will be further discussed throughout this paper. To put it in context, the place of Islamic

identity, ideology, and discourse in formulating and legitimizing Iran’s foreign policy in Eurasia deserves a closer look. Therefore, we will turn our attention to an analysis of the role that the Islamic factor plays in Iran’s foreign policy in general, and in charting the Islamic Republic’s foreign policy toward Eurasia in particular.

The Islamic Factor in Iran’s Foreign Policy

The use of culture and religion as a political force in foreign policy formulation, agenda setting, and legitimation is not unique to Iran. Since the revolution of 1979, which culminated in the creation of a theocracy, the official ideological orientation of the Iranian elite has been defined by a populist interpretation of Shi’a Islam. Therefore, the grasp of ideational and cultural aspects of state behavior in Iran assumes more significance than its secular counterparts. It is equally important to analyze how this neologism manifests itself in Iran’s foreign policy. Ayatollah Khomeini’s populist vision divided the world into a Manichean category of Mostakbarin (oppressors) and Mostaz’afan (the oppressed). Under this new ideological orthodoxy, Iran’s sympathy and alignment was to be with “the oppressed,” internally and globally, thus rendering the struggle against “the oppressors” a moral obligation for the faithful and for the officials of the Islamic Republic. In light of this new orientation, Iran exhorted the people of the Muslim World to rise against their “corrupt” and “oppressive” regimes, expanded its trade relations with sub-Saharan and southeast Asian developing nations, championed non-alignment, and, after the hostage crisis of 1979, watched its relations with the United States and its West European allies deteriorate significantly.

The two abiding priorities that informed Iranian foreign policy in the post-revolutionary era under Khomeini’s rule, therefore, were export of the Islamic revolution and pan-Islamism. In other words, the centrality of promoting the interests of the Muslim World and the interests of the Islamic Republic have been the two significant elements defining Iranian foreign policy since 1979. In the Iranian constitution, it is stipulated that the primary focus of Iran’s post-revolutionary foreign policy should be on its immediate neighbors, the Muslim World, and developing nations. Driven by an ideological zeal to export its revolution, a characteristic found in many

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revolutionary states, Iran’s embassies abroad took an active role in facilitating “Islamic education” and spreading the message of populist Shi’a Islam, thus challenging the depoliticized establishment of official Islam. To empower disenfranchised Shi’a communities in places such as Lebanon, the Islamic Republic provided them with financial and military assistance as well.4

However, the pan-Islamic sentiment in Iran’s foreign policy has been tempered by the pragmatic calculus of its national interest, as demonstrated by Iran’s pro-Armenia (a Christian nation) stand in its conflict with Azerbaijan (a Shi’a Muslim nation). There are several explanations for this stand. First is the “Russian-centric” element in Iran’s policy toward Eurasia alluded to earlier, and Russia’s support for Armenia in this conflict. In order to avoid a showdown with its mighty neighbor, Tehran hoped that its support for Armenia would predispose Russia more favorably toward the Islamic Republic. Second, alarmed by the nationalist rhetoric coming out of Baku that exhorted the unity of the two Azerbaijans, Tehran saw a decisive victory for northern Azerbaijan as a potential threat to its territorial integrity and national sovereignty. As Baku’s alliance with the United States and Israel expanded, Tehran saw this political development as a threat to its national security. In defiance of the superpowers, and as an assertion of its Islamic identity, the Islamic Republic opted for the slogan of “neither East nor West” as the defining motto of its foreign policy. The new constitution codified this orientation, and in article 11 stated that “the Islamic Republic of Iran is to base its overall policy on the coalition and unity of the Islamic nations. Furthermore, it should exert continuous effort until political, economic and cultural unity is realized in the Islamic World.”5

It is in this context that, in the aftermath of the revolution, the Islamic Republic was eager to expand its trade and political ties with Eurasia—especially its six majority-Muslim states of Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. Eurasia is a region with which Iran shares significant historical and cultural ties. However, in the first decade of the revolution, pro-Moscow Communist Party elite were anxious that the Iranian government would use its assets and influence


throughout the region to spread “Islamic fundamentalism” and overthrow secular regimes. This fear, however, proved to be unfounded. Concerned about the negative impact of such militant policy on Iran’s bilateral relations with its mighty neighbor to the north (then Soviet Union), Iran proved to be more interested in expanding trade and cultural ties with the region.

With the death of Khomeini in 1989, and the ascendance of pragmatic and reform-minded Rafsanjani and Khatami to presidency, Iran opted for a less ideological approach in its foreign policy, and took initiatives to improve its relations with both East and West. The central lesson of the bloody eight-year war with Iraq, in which half a million Iranians lost their lives, and for which the economic cost of devastation exceeded ten billion dollars, was not lost on the post-Khomeini political leadership. Despite its larger population size in comparison to Iraq, and the revolutionary zeal and religious fervor of war volunteers, the Iranian armed forces were unable to win the war. Hence by 1989, in the immediate aftermath of the war, when the charismatic leader of the revolution passed away, and as the revolutionary idealism of the first decade of the revolution was giving way to a more sober assessment of global realities and Iran’s capabilities, a consensus emerged that Iran should weave new political ties and come out of its political isolation.

To break out of its international isolation, Tehran pursued a more proactive policy globally. In the aftermath of the collapse of communism in 1991, comforted by a less threatening and a more pragmatic course in Iran’s foreign policy, many of Iran’s neighbors to the north were also more open to the possibility of expanding relations with Iran. But a more deliberate attempt to expand substantial relations with the Eurasian states did not unfold until 2001. Several factors explain this turn of events. First, the Islamic Republic’s preoccupation with its Iraq war as well as its own internal power struggle during the first decade of the revolution did not leave Iran with many resources to invest in expanding its relations with Eurasia. Second, facing an active campaign against it by one superpower—the United States—Tehran was wary of alienating the other superpower as well. In light of the fact that first the Soviet Union, and now Russia, considered Eurasia as the sphere of its influence, Tehran moved cautiously and slowly to expand its ties with Eurasian states. Third, with the onset of the September 11, 2001, terrorist attacks and the subsequent US invasion of Afghanistan, Iran feared that US hegemonic designs for the region would include “regime change” in Tehran. Consequently, the Iranian government sought a more active policy to expand
ties with Eurasia and to build regional and global alliances that would serve as a protective shield against a possible future US invasion.

The supposed cultural affinity with some Eurasian countries, however, could be a double-edged sword. Indeed, religiously, Iran has a number of significant liabilities that have hampered its relationship with Eurasia. The vast majority of the population of Central Asia is composed of Sunni Muslims. Historically, the moderately tolerant Hanafi school of Sunni Islam has been the predominant religion in Central Asia. In recent years, however, aggressive missionary activities by Wahhabi and Salafi Sunnis in the region have created “viscerally anti-Shi’a” tendencies in parts of Central Asia. This has led to antipathy towards Shi’a Iran, and has reduced the impact of cultural and linguistic affinities between Central Asia’s population and Iran. In Azerbaijan, the only predominantly Shi’a state in Eurasia, religious affinity between Iran and Azerbaijan—a potential source of common bond—has ironically become a “source of estrangement between them because […] the secular government of Azerbaijan has been wary of Iran’s influence among its Shi’a population.” Furthermore, Iran’s governmental system and revolutionary ideology, along with Western economic sanctions against the Islamic Republic and the growing integration of Eurasia into the globalized, neoliberal economic system, have diminished Tehran’s financial and economic capabilities. For Eurasian states, this has made Iran a less attractive partner than Turkey, the Gulf Arab countries, the West, and even Russia and China. This is but one example of how ideational/cultural factors interfered with Iran’s capacity to command influence in post-Soviet Muslim Eurasia.

Having discussed the place of the Islamic factor in Iranian foreign policy toward Eurasia, we shall now turn our attention to other equally significant determinants of Iran’s foreign policy behavior toward the region.

**Sociocultural Factors in Iran-Eurasia Relations**

Unlike much of the recent Western analyses, which tend to emphasize the “Islamic” dimension of Tehran’s foreign policy motives to the exclusion of other equally significant factors, this paper goes beyond focusing solely on

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7 Ibid.

8 For details, see Mohiaddin Mesbahi, “Tajikistan, Iran, and the International Politics of the ‘Islamic Factor,’” *Central Asian Survey* 16, no. 2 (June 1997): 141–158.
Islamic factors and concentrates on political, economic, and strategic variables affecting Iran’s foreign policy decisions in Eurasia. While we find the role of religion to be significant in legitimizing Iran’s foreign policy in Eurasia, we do not consider it to be the sole decisive factor in foreign policy decision-making or its implementation. The Islamic factor is treated as one of several variables and only within the broader context of sociocultural factors that have played a role in shaping Iran’s foreign policy calculus in the region.

In fact, the Islamic dimension of Iran’s foreign policy manifested itself in only two areas in post-Soviet Eurasia. In the 1990s, Iran became involved in the early stages of Tajikistan’s civil war when the Islamic Republic provided support to the Sunni Islamic movement in Tajikistan. However, fearing the spread of a long civil war in its neighborhood, Iran eventually reversed course and played a significant role in mediating an end to that bloody conflict. This led to the marginalization of Islamic militancy and restoration of Iranian-Tajik relations along sociopolitical and cultural dimensions. The second area in which the religious dimension of Iran’s foreign policy has been manifest is Azerbaijan. Even though Shi’ism is the predominant religion of Iran and the Republic of Azerbaijan, Iran’s foreign policy goals have not been advanced through religious factors. As Bahram Amir Ahmadian, a prominent Iranian expert on Eurasia, has noted, it would be a mistake to consider Shi’ism a unifying factor that brings Iranian-Azeri foreign policy objectives closer to each other. The presumed religious commonality “may even lead to divergence [of the two countries’ foreign policy motives]. The government of Azerbaijan is secular and religion is separate from politics. […] Political ideas of the Azeri government are based on the Azeri language, literature, and music”\(^9\) and not on Shi’ism.

Ahmadian goes further by arguing that “nostalgia among Iranians about [the] Caucasus as a land which has been separated from mainland Iran has no value in the contemporary world. […] Azerbaijan does not care for that nostalgia and, on the [contrary], puts the highest emphasis on national elements and a new historical narration of the country.”\(^10\) He also states that Iran “can engage in equal interaction with neighboring countries without so much emphasis on historical and religious commonalities, which are of

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\(^10\) Ibid.
less importance in [the] contemporary world.”11 In other words, since the Islamic Republic’s aspirations for building pan-Shi’ite solidarity (as seen in Lebanon) is not shared by Azeri secular elite, since Iran and Azerbaijan have distinct ideological and political differences, and since they follow divergent political paths, there are certain limitations to basing their bilateral relations on religious or civilizational affinity. As discussed earlier, Iran’s position on the Nagorno-Karabakh conflict between Armenia and Azerbaijan in which Iran sided with largely Christian Armenia, affirms the ascendance of strategic calculus and the primacy of Iran’s national interest in its policy toward this conflict.

In short, as Sami Zubaida has aptly noted, although religion is an important element in Middle Eastern societies, including Iran, its impact should be analyzed in the broader context of “politics, sociology and economic and cultural processes, just like any other social formation.”12 That said, we are nonetheless mindful of the ideological dimension of Iran’s foreign policy and the dominant role of Islamic discourse in shaping public debate on politics, society, and culture in the Islamic Republic. In particular, the Iranian leadership’s repetitive public pronouncements about the “injustice” of the contemporary international order stems from Shi’ism’s emphasis on the primacy of social justice and establishing a humane and non-exploitative world order.13

Historically, Iran, Turkey, and Russia have wielded the greatest influence in Central Asia and the Caucasus region, therefore, it is not surprising that these three countries reemerged as principal actors in the region during the first decade of the post-Soviet era. However, the United States has now become a significant player in the region and thus has added a new twist in Iran’s geopolitical calculations.

**Strategic Factors**

In addition to the aforementioned determinants of Iran’s foreign policy orientation towards Eurasia, we should also add a political dimension

11 Ibid.
13 For a succinct discussion of the Islamic dimension of Iran’s foreign policy, see Ahmad Sadeghi, “Genealogy of Iranian Foreign Policy: Identity, Culture and History,” *The Iranian Journal of International Affairs* 20, no. 4 (Fall 2008): 1-40. For a more general discussion on the role of revolutionary ideology in Iran’s foreign policy, see Maximilian Terhalle, “Revolutionary Power and Socialization: Explaining the Persistence of Revolutionary Zeal in Iran’s Foreign Policy,” *Security Studies* 18, no. 3 (July–September 2009): 557–586.
which is tied to the Islamic Republic’s calculus of its national interest. In
this regard, the increasingly “Eastern orientation” of Iran’s overall foreign
policy, including a greater emphasis on the central importance of Russia in
the Islamic Republic’s policies towards the states of Central Asia and the
Caucasus, must also be taken into consideration. As a consequence, in the
words of political scientist Mohiaddin Mesbahi, Iran’s relations with Eurasia
are “heavily conditioned by the strategic impact of Iran’s relations with
Russia.”14 Iran’s perception of Russia as counterbalance to the United States,
and Russia’s need to play the “Iran card” in its relations with the United
States can partly explain the dynamics affecting Iran’s Eurasia policy. This
can also explain Iran’s quietist narrative towards Russia’s hegemonic posture
and bloody repression of conflicts in Chechnya and the north Caucasus.
This is yet another example where strategic calculations take precedence
over sociocultural factors. The Islamic Republic’s “Russia-centric” Eurasia
policies have had their share of critics inside Iran. These critics have argued
that Russia is a competitor and not an ally of Iran in the region. For example,
on energy and other strategic issues, Russia competes with Iran and uses
the “Iran threat” to gain economic and political concessions from regional
governments. Moreover, in economic terms, the Caucasus region is heavily
dependent on the West, and the countries of the region have increasingly
shown willingness to distance themselves from both Russia and Iran.15

When the Soviet Union disintegrated and new independent nation-states
were created in Central Asia and the Caucasus, Iran was just emerging from
its devastating eight-year war with Iraq. Partly due to Iran’s preoccupation
with the monumental post-war reconstruction challenges, developments in
the newly independent Eurasian states did not become a top priority for
the Islamic Republic. As a consequence, Iran developed a gradualist foreign
policy in this region with the modest goal of establishing economic ties to,
and reviving historical/cultural links with, the Eurasian states.16 Up until

14 Mesbahi, “Eurasia between Russia, Turkey, and Iran,” 176.

15 For critical commentaries on Russia’s foreign policy motives towards Iran, see Elaheh Koolaie, “Geopolitics of
Elaheh Koolaie, Bazi Bezorge Jadid dar Asiyaaye Miyaneh [The new great game in Central Asia], (Tehran: Institute
for Political and International Studies, 2006).

16 See Shireen T. Hunter, “Iran’s Pragmatic Regional Policy,” Journal of International Affairs 56, no. 2 (Spring 2003):
133–147; Ertan Efeğil and Leonard A. Stone, “Iran’s Interests in Central Asia: A Contemporary Assessment,”
In 2001, Iran’s relations with the Eurasian states were essentially limited to ties forged between some northern provinces of Iran and their former Soviet neighbors. Examples included economic and social ties forged between the province of Mazandaran and the state of Turkmenistan and those established between Kazakhstan and the province of Golestan in northern Iran. In 2001, Iran formally announced that Central Asia would become a top priority in Iran’s foreign policy calculus.\textsuperscript{17}

In the post-Khomeini period, the principle of “neither East nor West” in Iranian foreign policy was gradually replaced with a new perspective that R. K. Ramazani has referred to as “both North and South.”\textsuperscript{18} In the period immediately following the dissolution of the Soviet Union, Iran’s president, Ali Akbar Hashemi Rafsanjani, initiated a multidimensional approach to forge sustained relations with the Eurasian states. As we previously alluded to, uncertainty about the evolving developments in Russia and its former union republics in the immediate aftermath of the Cold War, as well as Iran’s preoccupation with pressing domestic challenges in the aftermath of the devastating eight-year war with Iraq, did not catapult Eurasia to a top foreign policy priority for the Islamic Republic. However, the rapid disintegration of the Soviet Union changed Iran’s security calculations. As Iranian Foreign Minister Ali Akbar Velayati stated, Tehran could no longer remain passive in the face of the deteriorating security conditions on its northern borders. As a result, Iran developed a two-pronged policy of sealing its borders as much as possible and giving priority to maintaining the independence and territorial integrity of its northern neighbors. According to Velayati, Iran’s national security was an inseparable part of peace, stability, and economic development of Central Asia and the Caspian basin region.\textsuperscript{19} To this end, Iran undertook a number of initiatives to create an evolving community in the region. In other words, at this juncture, Iran’s quest for security became the principal motivating factor behind the country’s engagement with its new neighbors to the north.


\textsuperscript{18} R. K. Ramazani, “Iran’s Foreign Policy: Both North and South,” \textit{Middle East Journal} 46, no. 3 (Summer 1992): 393.

\textsuperscript{19} Ali Akbar Velayati, “The Islamic Republic of Iran, Central Asia and the Caucasus” (speech, the Crans Montana Forum, Switzerland, June 20-23, 1996).
Between early 1992 and mid-1994, at Iran’s initiative, a myriad of cooperative schemes and agreements were implemented among the regional states. For example, on February 17, 1992, President Rafsanjani and his counterparts from Azerbaijan, Kazakhstan, Russia, and Turkmenistan signed a letter of understanding for the creation of the Caspian Sea Cooperation Organization to “better handle the geo-political situation in the region,” and to lay the groundwork for future cooperation in the fields of fishing, environmental protection, shipping, and the like. Other examples of cooperative arrangements between Iran and its northern neighbors include the establishment of a joint research center for Caspian Sea studies and the creation of the Iran–Azerbaijan Joint Shipping Company to ferry goods between the port of Anzali in Iran and Baku in Azerbaijan. In addition, a number of bilateral agreements for expansion of trade between Iran’s northern coastal regions and the regional states were signed between the Iranian Caspian provinces of Gilan and Mazandaran and the Eurasian states of Azerbaijan, Kazakhstan, and Turkmenistan. However, as we will discuss below, the signing of oil agreements between Azerbaijan and Western-led consortia, and the subsequent attempts by the United States to isolate and exclude Iran as a player in the Caspian region have had negative repercussions on the promising relations between Tehran and the Caspian countries in general, and Azerbaijan in particular.

Notwithstanding challenges posed to Iran’s security by Washington’s continuing attempt to isolate and contain Tehran and to deny it a legitimate place among the regional states, Iran has sought to expand its multilateral and bilateral relations in Central Asia and the Caspian basin region. The Economic Cooperation Organization (ECO) reflects Iran’s desire to expand cooperation between itself and Central Asia/Caspian basin. The genesis of the ECO dates back to 1964 when Iran, Pakistan, and Turkey established the Regional Cooperation for Development (RCD). After the Iranian revolution of 1979, the RCD became a de facto moribund entity. It was not until the disintegration of the Soviet Union that Iran took a major initiative to revive the RCD and transform it into the ECO in order to create an Islamic common market. Azerbaijan, Turkmenistan, and Uzbekistan were the first

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20 Ramazani, “Iran’s Foreign Policy,” 408.
three former Soviet republics to apply for ECO membership, followed by Kyrgyzstan, Tajikistan, and Kazakhstan.22

The ECO has established a number of institutions, such as a shipping line and an investment and development bank to facilitate trade, communication, and transportation among its members. Indeed, meetings of various organs of the ECO are held regularly, and protocols and memoranda of understanding are routinely signed among the participants. However, Iran’s dream of establishing a thriving Islamic common market stretching from Central Asia to the Indian Ocean may not be achieved in the near future.23 Notwithstanding Iran’s enthusiastic championing of the ECO, daunting obstacles remain on the organization’s path. First, most of the ECO members have vulnerable economies characterized by poor performance. Even the oil-rich members of the ECO suffer from economic mismanagement, corruption, cronyism, and a relatively low level of industrialization. Second, it is now clear that political and ideological divisions, especially between Iran and the ECO’s increasingly neo-liberal and pro-Western Eurasian states, will continue to hamper robust and meaningful cooperation among the organization’s members. Third, uneven burden-sharing in the organization will ultimately redound to the detriment of the founding member states, like Iran and Turkey, as they seek to keep the weaker member states content and happy in their organization. Lastly, lingering territorial disputes among member states, such as those between Tajikistan and Uzbekistan, do not help foster political unity in the organization. Nonetheless, Iran continues to push for the expansion of the ECO’s role as a conduit of trade between the Islamic Republic and Eurasia. In January 2009, at Iran’s urging, the ECO established a new entity called the “Trade Promotion Organization” for the purpose of promoting both intraregional trade and trade with non-member states.24

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23 As early as the mid-1990s, many analysts in Iran had already expressed misgivings about the prospects of establishing an Islamic common market via the ECO. For example, see Gangi Doost, “An Examination of ECO’s Position in the Path to Create an Islamic Common Market,” in Report of the Seminar on Islamic Common Market (Tehran: Institute for Political and International Studies, 1988), 69-73.

Iran's desire to join the Shanghai Cooperation Organization (SCO), a collective security pact made of China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan in which Iran has been enlisted as an observer since 2005, is another indication of Tehran's aspiration to expand ties with Central Eurasia. The SCO was initiated by China primarily to serve its foreign policy interests in Central Asia and to legitimize its campaign against the separatist tendencies of its Uighur and Kazakh Muslim minorities in the Xinjiang region. With the discovery of oil and gas reserves in this region, and its geographical location as an energy link between China and Central Asia, the SCO has assumed even more significance for China. This organization is intended to expand cooperation on trade and energy and coordinate collective security among member nations by combating terrorism and drug trafficking. China and Russia also see the SCO as a vehicle to push back against increasing US influence in the region. The SCO also serves three related Iranian objectives: first, it counters US hegemonic policies in the region. Second, it provides Iran with an opportunity to forge closer ties with the member countries to counter US-initiated attempts to isolate Iran internationally. Third, should Iran join this organization in the future, as a member of a collective security organization, this may serve as a buffer against any possible future military attack against Iran or its nuclear program.

Bilateral Relations

The Islamic Republic's bilateral relations with the former Soviet Central Asia and the Caucasus are varied; Tehran's relations with Turkmenistan being the most stable, and its relations with Azerbaijan displaying the most strain. Today, there are no major security problems between Turkmenistan and Iran. Turkmenistan has not yet succumbed to US demands to become a player in Washington's scheme of isolating Iran in the region. From the outset, no cultural or ideological clashes have emerged between the two countries. For example, unlike the cultural and ideational factors that have negatively affected Iranian-Azerbaijani relations, there have been no irredentist claims by Turkmenistan, nor have there been any significant irredentist Turkmen movements in Iran or Turkmenistan. The absence of recent conflict partially explains why Ashkhabad was the first Central Asian/Caspian capital that President Rafsanjani visited in the post-independence period. It also explains why officials from both countries have established a good working relationship with each other despite internal political tumults.
in both countries in recent years. In addition, Turkmenistan has served as a conduit between Iran and other countries in Central Asia. For example, the Sarakhs-Tajan and Mashad-Sarakhs railroad links have allowed the two countries to integrate their rail transportation systems and have also made it possible for Iran to use these links to transport goods through Turkmenistan to Uzbekistan and Kazakhstan. Moreover, through the Bafq-Bandar Abbas rail links in Iran, goods can be transported from the Persian Gulf to the Caspian Basin and beyond.

In addition to establishing rail links, Iran and Turkmenistan have also greatly improved their port facilities and have undertaken joint projects in construction and electricity production. Most importantly, Iran has linked its northern gas pipelines with those in Turkmenistan and has constructed new ones to allow natural gas shipments from Turkmenistan to Turkey and beyond. As a result of the first major concrete agreement between Iran and a Central Asian state, Iran agreed to provide $1.8 billion in financing for the completion of a natural gas pipeline that would link Turkmenistan with the Mediterranean through northern Iran. The pipeline, which enters Iran east of the Caspian Sea, passes through the Iranian cities of Shahroud and Semnan, bending south of Tehran and then heading northwest to Tabriz in Iranian Azerbaijan, Turkey, and the Mediterranean. The second major Iran-Turkmenistan gas pipeline was inaugurated in January 2010, increasing Turkmenistan’s capacity to transport gas to Iran by 20 billion cubic meters per year.

Kazakhstan has also been an important country for Iran’s Central Asia/Caspian region foreign policy. For example, Kazakhstan’s port of Aktau has served as a trading hub linking Kazakhstan with the Iranian Caspian Sea ports of Anzali and Noshahr. The two countries began to lay the groundwork for expansion of their economic ties when Iranian Foreign Minister Velayati visited Almaty in November 1991. A year later, Kazakh President Nursultan Nazarbayev visited Iran. Kazakh and Iranian officials have continued to visit each other’s countries on a regular basis since 1992, and the two countries have developed trade and cultural links.


In particular, the two countries have signed a series of oil swap deals whereby Iran receives Kazakh oil via its Caspian ports and transfers an equal amount of its own crude oil through the Persian Gulf to other countries. With the cooperation of Russia, and most likely through the Caspian Sea, there are plans underway to build pipelines that would facilitate energy exports between the two countries. Unlike Kazakhstan, Turkmenistan has common borders with Iran. Iran was, therefore, in a position to offer its assistance to export the natural gas of this landlocked country to the global market. A gas pipeline that enabled Turkmenistan to send an annual amount of 8.5 billion cubic meters of Turkmen gas to Iran for export was completed in 1998. In recent years, this exchange agreement has experienced several problems. For example, the Neka-Jask pipeline, which was to serve as the main conduit for transferring one million barrels of oil per day from Kazakhstan, Turkmenistan, and Azerbaijan to the Persian Gulf, could not secure the needed $3-4 billion investment on time. Several UN Security Council sanction resolutions, coupled with more stringent US and European sanctions on Iran’s energy and banking sectors, will hamper current and future oil swap deals. Furthermore, various Iranian officials in the Oil Ministry have expressed reservations about the economic benefits of the oil swap deals. For example, Iran has been handling the sales of the swapped oil in the Persian Gulf and incurring costs for doing so. As a result, Iran’s Deputy Oil Minister Ahmad Qalehban has threatened to suspend the swap deals unless the Central Asian countries reimburse Iran $5 to $6 for “each barrel of crude swapped.”

Iran and the Republic of Azerbaijan have had a tumultuous relationship with each other since the dissolution of the Soviet Union. Notwithstanding this fact, arguably, Iran remains the country with “the greatest long-term importance” for Azerbaijan’s foreign policy. Both Iran and Azerbaijan are predominantly Shi’a Muslim, and there is significant cultural overlap and common history between them. It is beyond the scope of this article to deal with historical relations between Iran and Azerbaijan, but suffice to say that until the early nineteenth century, what is now the Republic of Azerbaijan

29 Iran Times, March 11, 2011, 5.
was part of Iran. In the nineteenth century, Iran lost a substantial part of its territory, including most of Azerbaijan, to tsarist Russia. Both Tehran and Baku have pursued a complicated and at times ambivalent policy towards each other since Azerbaijan attained independence from the former Soviet Union. Iran's major concerns have been to prevent Azerbaijan from becoming a theater for US-Israeli machinations against Iran and, thus, to safeguard its northern border against hostile foreign forces. For Azerbaijan, fears of Iranian meddling in its internal affairs, as well as the presumed “export” of Iranian revolutionary Shi‘ism to undermine Azerbaijan’s secular political system, have been the driving force in determining its Iran policy.

Under the reign of Ayaz Mutallibov, the first post-independence Azerbaijani president, Tehran generally remained aloof from developments in Azerbaijan as it evaluated the emerging constellation of forces in its northern neighbor. Mutallibov, although remaining pro-Russian for the most part, sought to play Moscow and Tehran against each other in order to solidify his own tenuous political position in Azerbaijan. Mutallibov’s cautious policy toward Iran changed drastically when the Popular Front’s Abulfalz Elchibey was elected president of Azerbaijan in June 1992. Almost immediately after his election, Elchibey openly accused Tehran of “neglecting the interests of the Azeris” in Iran, and called for the “unification of northern and southern [Iranian] Azerbaijan.” Although the Iranian press launched a blistering attack against Elchibey’s irredentist policies, the Iranian government remained uncharacteristically calm. Instead, Tehran began to provide much needed economic help to Nakhchivan, an autonomous and separate portion of Azerbaijan, and encouraged Elchibey’s opponents including Heydar Aliyev, a former Communist Party leader in Azerbaijan who replaced Elchibey in June 1993.

Under Heydar Aliyev, Azerbaijan curried favor with its neighbors as well as with the West. As a true apparatchik, Aliyev played up the danger of “Islamic fundamentalism” when dealing with Washington, expressed his desire to maintain friendly and cooperative relations when dealing with

32 Iran Times, July 10, 1992, 1.
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Tehran, and professed his admiration for the “Turkish way” in his dealings with Ankara. However, as US presence continued to strengthen in Baku, Aliyev came under pressure from the United States to distance himself from Iran and to join Washington’s campaign against the Islamic Republic. Upon Heydar Aliyev’s death, his son Ilham Aliyev succeeded him as president of Azerbaijan. Under Ilham Aliyev’s leadership, Iran-Azerbaijan tensions have increased.

From Tehran’s perspective, some of Azerbaijan’s foreign policy undertakings in recent years have undermined Iran’s security interests. Due to the close relationship between Azerbaijan and Israel, Iran views the Israeli presence on its borders as a threat to its national security, which is another example of an ideological factor interfering in bilateral relations between Tehran and Baku. This issue has been a constant source of irritation in Iranian-Azeri relations, and it first came to a head in March 1996 when Foreign Minister Velayati, on an official visit to Baku, publicly accused Azerbaijan of endangering Iran’s security by entering into a de facto strategic alliance with Israel, thus prompting Velayati’s Azeri counterpart to rebuke him for interfering in Azerbaijan’s domestic affairs. From Iran’s vantage point, Azerbaijan’s close relations with Israel have led to a de facto alliance between the two countries that will inevitably lead to the militarization of the Caspian Sea and the subsequent destabilization of Iran’s northern tier. More significantly, Tehran is concerned about the growing Israeli-Azerbaijani intelligence cooperation. In February of 2012, Iran and Azerbaijan also accused each other of sponsoring terrorist activities on the other’s soil. Iran accused the Azeri government of having played a role in the assassination of its nuclear scientist, Mostafa Ahmadi-Roshan, in collaboration with Israeli intelligence agency Mossad. Azerbaijan authorities, in turn, have proclaimed that they thwarted a plan by the agents of Iran and the Hizbollah militia to set off a car bomb near the Israeli embassy in 2008, and a plot targeting US and British embassies in 2007. This, along with Azerbaijan’s growing interest in joining NATO, and its close cooperation with this military alliance, will undoubtedly have negative consequences for Iranian-Azeri relations.

34 Iran Times, March 8, 1996, 1.
Last, but not least, pollution in the Caspian Sea poses a long-term threat to Iran’s economic security. Approximately 90 percent of the world’s caviar comes from the Caspian Sea, and a substantial segment of the economies of Iran’s Caspian provinces of Gilan and Mazandaran depend on fishing and related industries. If the Caspian littoral states do not take drastic and immediate measures, sturgeon and other types of fish will become extinct in the near future. Iranian officials have blamed Russia and Azerbaijan as major culprits that have done very little to reverse the rate of pollution in the Caspian Sea.\textsuperscript{35} Iran’s National Center of Oceanography has undertaken research to determine the major causes of pollution in the Caspian, and has identified several sources of pollution in the Caspian region. According to Iranian sources, Azerbaijan alone is responsible for dumping into the Caspian 75,000 tons of waste per year from its oil and related industries. The volume of waste will undoubtedly increase substantially as Azerbaijan’s oil production enters a new stage of development.\textsuperscript{36} Unfortunately, there is little cooperation among the Caspian littoral states to devise an effective pollution control policy for the region. Increasing oil and gas exploration will most likely hasten the rate of Caspian pollution in the near term. As the southernmost state of the Caspian basin region, Iran is affected more than any other state when pollutants come downstream to the Iranian coastlines. This partly accounts for Iran’s insistence on establishing a comprehensive Caspian Sea legal regime.

**Iran and the Caspian Legal Regime**

One of the thorniest issues affecting Iran’s foreign policy in the Caspian region is Tehran’s interpretation of the legal status of the Caspian Sea, which it views as a closed lake and not a sea. For several years, Iran consistently warned both the littoral states and foreign companies involved in oil exploration in the Caspian Sea that it would not recognize the validity of bilateral agreements in the region unless a new legal regime is agreed upon by all five Caspian states. In general, Iran considers the 1921 and 1940 agreements between itself and the former Soviet Union as the basis of the legal status of the Caspian.


\textsuperscript{36} Ibid.
According to Iran, these two agreements did not specify any division of the Caspian; rather, they solidified the Caspian's legal status as a body of water under the joint control of Iran and the Soviet Union. In the absence of any new agreement governing the Caspian's legal status, Iran has insisted on the following points:

1) Only one legal regime will have to be developed. This regime will define whether the resources of the Caspian Sea will be shared commonly by all five states (Tehran's preference), or if there will be an equitable apportionment of the outer seabed and Caspian subsoil into national sectors. If the latter option is adopted, Iran would insist on freedom of navigation, including fishing rights, in areas situated outside a state’s territorial waters.

2) Any agreement on the legal status of the Caspian must be unanimous, and no single littoral state should be granted the right to veto the decisions of the other states, or to undertake unilateral measures in violation of the agreed principles.

3) Security and territorial integrity of all five states must be taken into account and be clearly and unambiguously specified in the final draft of the proposed agreement.

4) The Caspian Sea must remain free of foreign military presence, with the eventual goal of the total demilitarization of the Caspian.

5) Any economic activity undertaken by the states of the region must take into account the fragile nature of the Caspian’s environment. In other words, specific environmental protection measures must be considered in the final determination of the legal status of the Caspian Sea.

Recent changes in the region, including gas and oil exploration by foreign companies, pipeline construction, and bilateral agreements between some Caspian littoral states have made Iran’s position more flexible than the official pronouncements have indicated. Regular meetings among the five

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littoral states seem to have progressed towards developing a framework for establishing a new legal regime for the Caspian Sea. After the conclusion of the 26th meeting of the Caspian Legal Regime’s Working Group, which was held in November 2009 in Turkmenistan, Iran’s representative, Mehdi Safari, opined that more than 70 percent of the draft of a new agreement had been prepared, although he did not divulge the nature and terms of the draft agreement.39

A new development in resolving the thorny issue of the Caspian Sea’s legal regime occurred during the November 2010 Baku Summit of the presidents of the five Caspian littoral states. Specifically, the Caspian states agreed in principle to set a 25-mile “exclusive zone” as the foundation of a lasting treaty on the Caspian legal regime. However, the exact meaning of the proposed “exclusive zone” was not spelled out in the Baku Summit. The 1982 Law of the Sea Convention established the principle of the Exclusive Economic Zone (EEZ), which has now become a part of customary international law. Under the EEZ, littoral states have sovereignty over water, seabed, and subsoil resources that belong to them under the Law of the Sea Convention, “but other states have a right of ‘free passage’ in those areas of the EEZ that [fall outside] of the Territorial Sea (usually 12 miles) of the littoral states.”40

It is not certain if a similar plan can be worked out among the littoral states of the Caspian Sea, or if Russia’s plan to divide the seabed of the Caspian Sea according to the shore lengths of the coastal states can be compatible with the aforementioned “exclusive zone” proposal.

Nonetheless, Iran continues to object to various schemes regarding Caspian seabed pipelines, chiefly on environmental grounds. In 2003, the five littoral states of the Caspian Sea, under the auspices of the United Nations Environment Program (UNEP), signed the Framework Convention for the Protection of the Marine Environment of the Caspian Sea. Article 2 of the Convention calls for the “protection, preservation, restoration and sustainable and rational use of the biological resources of the Caspian Sea.”41

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position is that the increasing oil and gas exploration and the planned seabed pipeline schemes are in violation of the spirit of this agreement.  

**Conclusion**

The factors determining Iran’s foreign policy in Eurasia are multiple and varied, ranging from religious and cultural to social and economic. These factors, however, do not have equal weight. As our analysis has revealed, it is often the case that the political calculus of national interest overrides ideological concerns. The ultimate decision of the Islamic Republic to cooperate with Russia to end the civil war in Tajikistan (1992–1997) that pitted Islamists against communists, for example, is an indication that it is often the pragmatic calculation of Iran’s national interest that trumps its Islamic impulse. In other words, Islamic ideology is increasingly used as a mask for realpolitik. Iran’s perception of threats and opportunities in the larger context of regional as well as great powers’ rivalries for influence in Eurasia are among other factors determining Iran’s policy. More specifically, Iran’s foreign policy in the region has been primarily reactive in the sense that it has to cope with what Russia, the United States, Turkey, and Eurasian countries choose to do in the region. To a great extent, the nature of Iran’s relations with all of these countries defines opportunities and constraints that mold Iranian foreign policy in the region. These rapidly changing regional and global political dynamics define and condition the extent to which ideational factors would weigh in formulation of Iranian foreign policy toward Eurasian states. In this context, the relative global decline of US power; the resurgence of Russian nationalism under Putin and his willingness to assert the Kremlin’s power in Eurasia—a region Moscow regards as a sphere of its influence; the expanding regional and global influence of Turkey; the escalation of inter-elite conflict in Iran; and the rise of the “Arab Spring” and political transition in the Arab world are all developments that impact the Eurasia region and its future political posture toward foreign powers, including Iran.

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The dynamics of Iran’s bilateral relations with Eurasia has evolved since 1979 from low-key cultural and trade ties to more expansive relations in the post-2001 period that includes Iran’s active participation in several regional cooperation and collective security organizations such as the ECO and the SCO, as well as energy swaps and pipelines construction agreements. Currently, the state of Iran’s relations with the Eurasian countries is uneven, ranging from cordial to tense. The future course of this relationship depends on the internal political developments in the Islamic Republic and changes in the regional as well as global geostrategic map.


———. August 26, 1994.

———. March 8, 1996.

———. March 11, 2011.


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