

Iran-Asia Relations in the Ninth Administration of Islamic Republic of Iran

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Abstract: Iran-Asia relation is deep rooted in a very long history. Examining the foreign relations of the Islamic Republic of Iran in recent decades has been indicating of a trend toward expanding ties with the western countries. This trend is interrupted due to the pressure of the West against Iran on the nuclear issue. Therefore Iran is looking toward the Asian countries as its new partners.

The following article seeks to analyze relations and examine factors behind the developments in Iran's relations with a number of Asian countries since the current administration took office. Although the scope of these relations is vast and diverse, this article will concentrate on some countries as case studies and will be more focused on political and economic ties.

Introduction

As an Asian country, Iran has maintained proper and friendly relations with the Asian countries in a range of spheres, though there have been ups and downs in these relations due to the political developments and considerations. The ancient 'Silk Road' could be a shining example of economic cooperation between Iran and the Asian

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continent. In this respect, development of ties with Asia is not essentially an extraordinary agenda in Iran's foreign policy; rather it has been the case for quite a long time.

When President Mahmoud Ahmadinejad took office of the ninth administration and Iran resumed its civilian nuclear program activities, the West stepped up its pressures on Iran. Intensification of these pressures was effective in Tehran's agenda to broaden ties with the Asian states. (Vakili, 2006)

The following article seeks to analyze and examine factors behind the developments in Iran's relations with a number of Asian countries since the beginning of current administration's work. Although the scope of these relations is vast and diverse, this article will try to examine the following three categories:

A) Relations with neighboring countries: the case of Afghanistan, Pakistan and Turkey;

B) Relations with Asian Powers: the case for China, India, Japan;

C) Relations with South-East Asian countries: the case of Indonesia and Malaysia;

A) Relations with Neighboring Countries

Iran's relationship with neighboring countries could be viewed in different political, economic and security fields which has been promoted in all aspects during the tenor of the ninth administration and President Ahmadinejad's visits to these countries further indicate the willpower and emphasis on expansion of relations with neighboring countries.

Iran-Afghanistan Ties

Afghanistan is situated in South and Central Asia. It is a land-locked country with no access to free waters; hence it has no ports to help develop its economy thus it is important for Kabul to build special relations with Iran in light of their historical, cultural and religious commonalities. (See: Bahmani Qajar, 2006; Aliabadi, 2007)

Iran's main policy in Afghanistan has been and still is ensuring its peace, stability and sustainable development and steady reconstruction. The policy was sketched out after the collapse of the Taliban regime in 2001. Over the past 30 years or so, Iran's supports to the Afghanistan have brought major results to this country.

In recent years, the Iranian government officials have had a wide range of negotiations with their Afghan counterparts on mutual interests, especially broadening and strengthening bilateral ties. Iranian and Afghan delegates have equally held talks on political, economic, social, cultural, security and legal cooperation as well.

Afghan President Hamid Karzai paid a visit to Tehran in May 2006. The visit served as further proof that the Afghan officials were keen on developing ties with Iran amid US objections. During the visit, the two sides inked an agreement to build the Khaf-Harat railway. (Saqafi Ameri, 2008: 95; Farzinnia, 2007) In 2007, President Mahmoud Ahmadinejad heading a high-ranking delegation paid a visit to Kabul for the first time, during which six cooperation agreements were signed.

The presidents of the two countries discussed cooperation on different spheres such as development of politico-economic ties, Afghanistan reconstruction, fight against illicit drugs, counter-terrorism, and regional/international cooperation. At the end of this one-day visit, the two sides issued a joint statement. During the talks, President Karzai expressed his satisfaction over President Ahmadinejad's visit, referring to Iran as an important neighbor with a 'constructive and positive' role. President Ahmadinejad likewise said Tehran was determined to boost the central government in Kabul and help establish stability, security and development in Afghanistan. They both expressed satisfaction over efforts to improve the situation and also called for further international aid to rebuild the war-torn country. (Farzinnia, 2008: 45)

Iran was the first country that began works to help reconstruct Afghanistan. Since the official visits to Tehran and Kabul, the Iranian contribution to Afghanistan's reconstruction continues until this very day. In 2007, President Ahmadinejad gave the go-ahead to allocate \$50 million for the reconstruction of Afghanistan. Iran's pioneering in

Afghanistan's reconstruction has played a key role in strengthening the central government's position as well as building security and developing the economy. During the Tokyo Conference on Afghan Aid, Iran pledged \$560 million in aid and loans to Afghanistan's reconstruction for a period of five years, of which \$250 million was gratuitous assistance.

The financial aid was spent on infrastructure development, technical and training services plus cash payments. A great portion of these investments have been directed towards building roads, bridges and electricity supply in line with the development of crucial Afghan infrastructures.

Key projects in power sector include electricity supply to border villages in Harat and Nimrouz. Key projects in road construction include building the Dogharoun-Harat road and the extension of Harat Highway to Meymaneh in the north, part of which has been carried out by Iranian contractors. The project is very important as it connects the country's road transportation network to the Central Asian states.

Further Iranian economic assistance includes the ongoing construction of the 176-km long Khaf-Harat Railway, which is expected to come on stream by March 2009. The officials of the two countries have agreed to complete the national project on time as it will help link Afghanistan's freight and passenger transportation route to Iran, Central Asia and Europe. Once on stream, the project will connect Afghanistan's railway network to Iranian ports in the Persian Gulf. The project is expected to play a key role in the country's development and growth. It will also help have for the first time a national railway network in Afghanistan. According to local Afghan authorities, their north-western neighbor Turkmenistan has also announced that if the Harat-Khaf railway link is stretched to the city of Harat, it will also connect its railway network in the border town of Tourghandi to the railway being constructed by Iran.

More to the point, the Iranian contractors are carrying out 25 development projects with a credit loan to the tune of \$34 million in Afghanistan. These projects are being implemented in the cities of Kabul, Zaranj, Kandahar, Harat, Sarpol, Mazar Sharif and Farah

among others. In 2007, the volume of trade exchange between Iran and Afghanistan reached \$500 million. The figure is expected to reach \$1 billion by the end of 2008. (*IRNA*, 2007)

In 2008, the education ministers of the two countries signed a Memorandum of Understanding (MoU) in Kabul to cooperate in the development of scientific, cultural and educational sectors. In addition, Iran helped establish the first-ever higher education center for teachers in Afghanistan. (*IRNA*, Jan. 16, 2007)

The refugee problem has also been a focus of talks between the Iranian and Afghan officials. After the 1979 coup in Afghanistan and the ouster of Mohammad Davoud government, a pro-Russian government took office. The invasion of the former Soviet Union forced many Afghans to immigrate to Iran. Almost three million Afghans were made homeless, of which 2.5 million are still residing in Iran. Iranian ambassador in Kabul, referring to the registration of 97 percent of Afghans residing in Iran in number 3 provision plan, and the government's agreement to issue 300,000 one-year and three-year work permits for Afghan refugees, underscored that an Afghan refugee affairs ministry delegation is currently in Iran to help operationalize the scheme. He said both Tehran and Kabul want to regulate the immigrants' traffic in order to resolve the problems. (*IRNA*, June 28, 2008)

A pressing issue for concern in Afghanistan has been the rising trend of opium cultivation and narcotics production. The problem needs to be managed and resolved by the help of the United Nations, since this rising trend is worrisome not only in regional level but also for the world. Iran has made huge investments in an attempt to fight drug trafficking losing more than 3,500 of its best law enforcement forces in the fight against illicit drugs. However, Iran as a single country has limited capabilities and it will need all the help it can get from the international community to carry out such an enormous task.

It is necessary also to pay greater attention to other problems in Afghanistan as well, particularly the fight against drought, which can be easily manipulated by terrorist organizations. To this end, Iran is ready to provide the required facilities to supply two million tons of

wheat to Afghanistan in collaboration with the international community.

Iran-Afghanistan relations are expanding. On the other hand, certain countries are trying to create problems and challenge these historical ties. The United States, Britain and Canada have launched all-out media propaganda to destabilize these ties by alleging that Iran is arming the Taliban in Afghanistan – a baseless claim that has never been proven with any evidence. Iran and Afghanistan have rejected these baseless allegations. They have laid emphasis on the development of all-out ties and announced that they are closely cooperating. (Stolberg, 2007)

In sum, Iran-Afghanistan relations have been given a new lease of life during the Ahmadinejad's administration. The Iranian government has always tried to lay emphasis on the reconstruction policy of Afghanistan as well as playing a part in ensuring its development and stability. Then again, such a constructive involvement is being attacked by the West. Western countries are trying to allege that Iran supports the Taliban elements in an attempt to undermine Iran-Afghanistan relations. The enduring cooperation between Tehran and Kabul has helped invalidate these efforts.

Instability, insecurity, Taliban resurgence, increased violence and massacre of civilians, widespread presence of foreign troops, growing production of illicit drugs and rising immigration numbers require Iran's attention and assistance to Afghanistan, especially for its much needed reconstruction and development. The only solution has to be contributing to Afghanistan's reconstruction and development efforts through exploitation of local capacities.

Iran-Pakistan Ties

For a number of reasons, including its geographical situation and cultural-religious proximities, Pakistan is very important for Islamic Republic of Iran. Pakistan needs energy and technical-engineering assistance and this has paved the way for a greater presence of Iran in its economy. Economic relations have been affected

in recent years by talks over the construction of a pipeline to transfer Iranian natural gas to Pakistan. (Tohid, 2007)

Although political-security ties are still important, it is the economic sector that has got the biggest share. At the same time, the two sides are yet to meet their economic goals, such as increase in the volume of trade exchange. At the moment, Iran-Pakistan trade exchange volume stands at around \$500 million per annum.

The focus of official visits and talks has been on economic-cultural issues, political-parliamentary relations, fight against organized crime and drugs trafficking, Afghan crisis, ECO meetings, the Organization of Islamic Conference, and the D-8. Over the years, the two sides have supported each other's positions in political and international arenas. They have also voted in favor of each other in regional/international organizations and summits. In recent years, the focus of talks and visits has been (Interview, 2008) particularly on the Iran-Pakistan-India gas pipeline, also known as 'Peace Pipeline', as well as implementing all the agreements reached during Iran-Pakistan commission meetings.

Iran and Pakistan are cooperating with each other in regional and international levels. They continue to support each other in regional organizations such as the Economic Cooperation Organization (ECO), the D-8, and the Organization of Islamic Conference (OIC). Islamabad has on several occasions backed Iran's peaceful nuclear program and never allowed other countries to challenge its independent position.

Tehran-Islamabad relations have always been warm and courteous except in certain cases in which the former has complained to the latter for its position on Afghanistan, such as support for the Taliban. (Farzinnia, 2004: 321; Alam, 2004)

Pakistan is a developing country and needs energy to accelerate its economic growth. In this respect, Iran can continue to be its main supplier of energy. President Mahmoud Ahmadinejad's visit to Islamabad early this year (2008) opened a new door for bolstering bilateral ties. The official visit was aimed at boosting regional cooperation. Other goals were to boost convergence to help create peace and stability in Afghanistan, and cement the trilateral coalition.

Iran is the best possible partner for Pakistan when it comes to ensuring stability and security in Afghanistan. This is because Tehran believes that stability and security in Afghanistan has a direct impact on the stability and security of its neighbors. More to the point, the geographical proximity, security links and historical-cultural commonalities automatically puts Iran, Afghanistan and Pakistan in alignment with each other.

During the visit, one of the strategic discussions between President Ahmadinejad and the Pakistani officials was electricity exports to Pakistan. (Interview, 2008) The president gave his words to the Pakistani officials that Tehran would do all it could in this respect. At the moment, Pakistan has the capacity to generate 20,000 megawatts of electricity per annum, but it only produces 15,000 megawatts. Iran has allocated \$200 million for exporting electricity to Pakistan. Pakistan faces electricity shortage to the tune of 3,000 to 4,000 megawatts per year and it is perfectly aware of the fact that this could create huge social and economic problems. Therefore, during President Ahmadinejad's visit, the Pakistani officials tried to reach an agreement on partaking Iranian companies for electricity generation in Pakistan. Last year, Iran began building two electricity power plants in Pakistan.

These two hydro-electric power plants which are being built by the Iranian companies include 'Sahra' with 130 megawatts capacity and an investment of 240 million euros, and another with 84 megawatts of capacity and an investment of 94 million euros. (Interview, 2008)

As for transportation, Pakistan is yet to resolve issues related to Quetta-Zahedan railway link. Once on stream and if all technical issues are resolved, the railway route could pass through Iran and reach Europe. At the same time, it could bring in thousands of Pakistani tourists to Iran. Upgrading of Quetta-Zahedan road can help boost tourism in Iran as well. Iran and Pakistan inked an agreement in this respect in Zahedan in October 2007. Under the agreement, a Quetta-Zahedan-Mashhad bus service was scheduled to start last year under supervision of Sistan-Bluchestan authorities in Iran and

Pakistan's Balochistan. For technical reasons and delays on the part of Pakistan, the bus service is expected to come on stream this year.

High on the agenda of Iran-Pakistan relations is broadening bilateral trade ties. However, certain issues have stopped the realization of such goal. For instance, over the years, the volume of bilateral trade has ceased to exceed the \$500 million mark. The problem is not attributed to the state-owned sectors; rather it is the private sectors that are yet to appreciate the existing capacities and potentials. The main problem is that Iranian traders are not willing to do business with Pakistan. With a population of 170 million, Pakistan has a huge market for industrial commodities, construction materials, dairy products and meat, but Iranian traders are not showing any interest.

Pakistan's banking system is another problem for Iranian traders. For instance, a number of Pakistani banks refuse to issue letters of credit (LCs), hence restricting the volume of bilateral trade. Border insecurity likewise exacerbates the situation, hindering border trade development and growth. Pakistani goods can get into Iranian markets via Gwader Port of Karachi for transit to Central Asia. The four southern provinces of Sistan-Baluchestan, Kerman, Yazd and Fars also have all the right ingredients for boosting trade with Pakistan. The first Iranian commercial office was opened in Karachi for the purpose. Pakistan exports citrus fruits and rice to Iran and imports industrial products. So, this could lay the groundwork for development of trade between the two neighbors. (Iran-Pakistan Trade, 2006)

Another important topic of discussion concerns the Peace Pipeline. The discussions on building a natural gas pipeline began 14 years ago. At first, these discussions were not taken so seriously. But with the growing energy needs in Pakistan and India, the two countries started to seriously consider the project. However, for a wide range of reasons, the project has been delayed. One of the main reasons for the delay could be attributed to certain non-regional states which are putting pressure on Pakistan and India not to finalize the lucrative energy deal. On the other hand, Pakistan and India have been trying to eliminate or challenge each other's role in the project,

which has similarly created further obstacles in the way of finalizing the deal. The added pressures come from technical and legal problems between India and Pakistan. For instance, the dispute over the gas transfer fee is yet to be resolved between Islamabad and New Delhi. (Hamshahri , 2008)

As things stand, in Iran-Pakistan relations the emphasis has been on energy cooperation. Pakistan faces energy shortage and has held numerous talks with Iran. It has also reached agreements in areas such as electricity purchase and transfer from Iran. That explains why in recent years it has had more official talks with Iran over the gas pipeline project. Border clashes and security breach have been another topic of discussions between Iranian and Pakistani authorities. Despite huge efforts in recent years, the volume of trade exchange between the two countries has failed to hike and the trend does in no way match that of the volume of commonalities. Equally, political developments have stopped the Pakistani officials from paying further attention to the development of bilateral ties.

Iran-Turkey Ties

Common history, continuous cultural relations as well as shared needs between Iran and Turkey have the potential to turn into a suitable cooperation model, given the geopolitical importance of each one of these factors. Turkey's efforts to play a positive role in the dispute over Iran's civilian nuclear program and its resistance against US pressures with regard to cooperation with Iran in the energy sector clearly indicates that Ankara has no intension to sacrifice its historical and confidence-building ties with Iran for the sake of American policies. Over the past six years or so, particularly after the American occupation of Iraq, Tehran and Ankara have shown that they are practically moving in the direction of bolstering their relations. (Iran-Turkey Security, 2006)

In 2007, Iran and Turkey inked an economic agreement to expand cooperation in the energy sector. President Mahmoud Ahmadinejad's visit to Turkey in the summer of 2008, the first presidential visit in 12 years, was of high importance. Iran is set to

increase the volume of bilateral trade with Turkey to the tune of \$20 billion per annum in the near future. During the visit, the Iranian and Turkish presidents discussed issues related to terrorist organizations, drugs smuggling, cooperation in the oil sector, counter-terrorism, border security and assistance to Iraq to ensure its stability, and development of economic and cultural relations.

Other significant outcomes of the visit were signing of five cooperation agreements by the high-ranking delegates. An important agreement concerned cooperation in fighting against drugs trafficking, terrorism and organized crime. The agreement was reached after ten years of expert meetings between the two countries' organizations which are involved in these activities. Both sides also signed cooperation MoUs on protection of the environment, tourism, national libraries, culture and transportation. The two presidents highlighted the 50th anniversary of inking cultural cooperation and named next year as the Iran-Turkey Cultural Year. (Qasemi, 2008; Iran and Turkey, 2008)

The economic aspect of Iran-Turkey ties came to the fore last year through joint economic and trade commission meetings as well as visits paid by the two countries' high-ranking economic officials. The political backing of the two countries' leaders gave momentum to the process.

In addition, the cooperation of Iranian officials in regional/international meetings, conference, and sessions, including those of the SCO and the ECO, in Turkey displayed the fact that the two sides not only gave importance to the development of bilateral ties, but also were keen to expand it on regional and international levels. In recent years, because of the growing interactions between Iranian and Turkish NGOs along with tourism and cultural programs and development of communications catapulted by historical, cultural and religious commonalities, social ties have also experienced huge developments.

Cultural, research and media delegates have similarly continued to organize sessions/roundtables and publish reports on bilateral ties. They have discussed matters related to Iran's foreign policy and its peaceful nuclear program. These programs clearly

translate into the fact that the Turkish community is giving more and more attention to Iran's developments.

Perhaps the one and the only negative case in relations – which was also taken for granted by certain circles that are not happy to see expanded ties – could be last winter's gas cuts to Turkey. Similar incidents happened at the beginning and the end of 2007.

Iran and Turkey are effectively cooperating in the field of security, particularly in the fight against terrorism and the PKK terrorist group. The operations of Iranian security forces to enforce security along the western borders and the emphasis given by the two foreign ministers to counter- terrorism measures have helped create a positive atmosphere of cooperation and trust in security. Last year, the Iranian and Turkish armed forces met every three months as agreed. These meetings helped boost border security to a great extent.

Last year, the Turkish community paid a special attention to Iran's nuclear power program more than any other time. Turkey is similarly trying to gain access to civilian nuclear energy and build nuclear power plants. For the same reason, it has supported Iran's right to peaceful nuclear energy and laid emphasis on the importance of resolving the dispute with the West through dialogue. Speaking to reporters on several occasions, Turkish Foreign Minister Ali Baba Jan has said that Ankara believes Iran has an inalienable right to peaceful nuclear energy and that it also plans to gain access to the technology. The meeting between Ali Larijani, former secretary of Iran's Supreme National Security Council, and Javier Solana, EU foreign policy chief, in Ankara, plus the trilateral talks between Larijani, Solana and former Turkish Minister of Interior Abdullah Gul were great developments at the time. Other important developments in Iran-Turkey relations include Foreign Minister Manouchehr Mottaki's visit to Turkey, followed by Saeid Jalili, who is secretary of Supreme National Security Council. During these visits the Iranian officials conferred with President Gul, Prime Minister Rajab Tayyip Erdogan and Foreign Minister Ali Baba Jan on different issues, including Iran's nuclear case. (Iran and Turkey Relations, 2008) Speaking at a conference in Egypt, Prime Minister Rajab Tayyip Erdogan said: "We cannot deprive countries of their right to use peaceful nuclear technology by alleging

that they might decide to build a nuclear bomb." (*IRNA*, 12 August, 2008)

The single most important economic development in the relations which also had a global effect will have to be an energy agreement which was reached during a meeting in Ankara between Oil Minister Gholamhossein Nozari, Energy Minister Parviz Fattah and Turkish Energy Minister Hilmi Guler.

Last year, the Iranian and Turkish energy ministers held useful talks during which a cooperation agreement was signed to invest in the development of Iran's South Pars gas field, building hydro-electric and thermal power plants, boosting power transmission lines, and promotion of commercial electricity trade. Under the deal, the two countries agreed to boost the capacity of power transmission lines to 2,000 megawatts and build a joint power company in collaboration with the private sector. The deal also allows Turkish companies to build hydro-electric power plants in Iran with production capacity of 10,000 megawatts per annum. The Turkish contractors will also invest in these projects. In 2007, another deal was inked in Ankara to purchase Iranian electricity for a private Turkish firm.

Last year, Iran and Turkey signed a MoU to cooperate in oil and gas energy. The deal includes exporting Iranian gas to Europe via Turkey and Turkmen gas via Iran and Turkey. Under the deal, the two sides will work together to develop the gas-rich regions of Assalouyeh and South Pars, and carry on oil trade. (*Iran-Turkey Partnership*, 2007; *Turkey: Energy Cooperation*, 2008)

Similarly, a year earlier, Turkey's ministerial advisor in foreign economic affairs, Kershad Tuzman, heading a 100-member delegation, arrived in Tehran which was unprecedented, indeed. A quick look into Iran-Turkey economic and trade relations will show that the subject matter of energy is still high on their agenda and indeed the most decisive factor in boosting the volume of trade exchange and ties. The value of trade exchange was up more than 19.5 percent in 2007 compared to \$8.72 billion in 2006. Last year, the 19th Joint Session of Iran-Turkey Economic and Trade Commission was held in Ankara. At the end of the meeting, the protocol of the joint session was signed by the delegates. The two sides reached important agreements on

finalizing a deal to set up a trade preference system, increasing the number of goods exchanged at border markets and trade centers, speedy ratification and implementation of ECO trade agreement known as ECOTA, setting up a special investment committee in agricultural and industrial sectors, and facilitation of goods transit and land transportation (rail and road). Another important development concerned the presence of Iranian carmakers in the Turkish market and finalization of selling Samand Soren model in Turkey. (Iran and Turkey, 2008)

As things stand, relations between the two neighbors have experienced a significant growth in economic terms. Still, it is not possible to ignore the American factor in Turkish equations. The United States plays an effective role in the Turkish government's policies. This can be attributed to the country's membership at NATO and its foreign debts as it needs the World Bank's aid. On the other hand, it was on the frontline of the US fight against the former Soviet Union bloc. For the same reason, Ankara has built special relations with the US and the EU. However, that does not mean that the Turkish government is pro-American. Turkey turned down a US request to use its soil to attack Iraq. On the other hand, its disputes with the US over PKK, the region and the Middle East continue to this very day. Another reason could be attributed to the anti-American and anti-Israeli sentiments among the Turkish people. The Turks view Iran as their best friend. For the same reason, political analysts in Iran are expected to reconsider their positions vis-a-vis Turkey.

The United States has never backed the Turkish government in any of the problems created in that country. As for the Cypriot crisis, PKK and even the massacre of Armenians, it has never supported the Turkish government. This is while Iran has also been constantly threatened by Israel and the US.

Therefore, Iranian intellectuals, academics and political circles are expected to reconsider their views on Turkey when it comes to bilateral relations. They can help boost ties to give Turkey a much more active role and leverage in the region. The historical fact is that Iran and Turkey are geopolitically dependent on each other and have always performed better when joining forces.

B) Relations with Asian Powers

Iran-India Ties

Iran and India are ancient civilizations with deep-seated ethnic, cultural and trade ties as well as historical, cultural and political commonalities that date thousands of years. The interest in bilateral relations was so strong that before the British Empire's rule, Persian was the official language of the monarchy and government bodies on the Indian subcontinent some 700 years ago. The British conspiracy and the English language, however, undermined the influence of Persian language, culture and literature in India. After India's independence on August 15, 1947, once again the opportunity came into the fore to revive the ancient ties with Iran.

New Delhi viewed the ouster of Shah in Iran and the establishment of an anti-Imperialist system at loggerheads with the US as a positive development in regional/global politics. In general, the Indians welcomed the Islamic Revolution as Iran's struggle to revive national identity and adopt an independent policy without foreign interference. The end of the Cold War, the collapse of the former Soviet Union and the resurgence of Taliban in Afghanistan led to closer ties and cooperation between Tehran and New Delhi. (Iran-India Ties, 2008; Shafiqi, 2008)

Former Indian Prime Minister Narasimha Rao paid an official visit to Iran in September 1993. In 1995, former President Ali Akbar Hashemi Rafsanjani paid a return visit to India. In 2001, former Indian Prime Minister Atal Bihari Vajpayee likewise visited Tehran followed by the official visit of former President Mohammad Khatami to New Delhi in January 2003 as a special guest to mark India's National Day. As a result, the value of trade exchange from \$300 million reached a whopping \$6 billion over the past two years.

In January 2005, New Delhi committed itself to a 25-year deal to purchase gas from Iran worth around \$25 billion. The deal was the biggest of its kind for India. Given its economic developments in the past decade and its growing economy, New Delhi is in dire need of oil and gas to maintain and increase its 8-percent annual growth rate.

Under the 2005 energy deal, India in return will have stakes in the Iranian oil fields of Yadavaran and Jofeir. (IRNA, April 20, 2008)

India is the biggest energy consuming country on the Asian continent while Iran has the second largest proven gas reserves in the world. Once completed, the Iran-Pakistan-India gas pipeline will help meet India's energy needs for at least 25 years. However, in 2005 and under US pressures, New Delhi voted for a draft resolution against Iran's nuclear program prepared by the European troika of Britain, France and Germany. In 2006, it once again cast its vote for the resolution at the International Atomic Energy Agency and paved the way for the illegal referral of Iran's nuclear case to the UN Security Council. (Dutta, 2005; Sadouqi, 2004)

In contrast, Tehran and New Delhi have had constructive and significant cooperation with each other in the developments of Afghanistan, especially in elimination of the Taliban regime and establishment of security in the region. It is inevitable that they continue such cooperation on regional and international levels.

There are deep-rooted commonalities between the two nations to help cement mutual trust. Given Iran's strategic role in West Asia, Afghanistan and Central Asia, India's need for Iran as the shortest and the safest bridge to Central Asia and the North-South Corridor transportation route, the failed US plan to create a new Middle East map by invading and occupying Iraq and getting stuck in its destructive mire, the Zionist regime's defeat in the Lebanon war of 2006, and institution of Iran as a superpower in West Asia and the most important stabilizing force, once again and more than ever brings to light the position that Islamic Iran enjoys in regional and international equations.

President Mahmoud Ahmadinejad's visit to New Delhi in 2008 was a positive step in the right direction for improving bilateral relations. This is because a good number of Indian politicians and policymakers are of the opinion that friendly and strategic relations with powerful Iran have been key to regional stability and security throughout history and that Iran is the best and the most secure source of hydrocarbon energy to their country. Therefore, it is expected that the visit could open a new chapter in bilateral relations.

Many political pundits are also of the opinion that the warm reception of President Ahmadinejad in April 2008 by the government of Manmohan Sing was an insightful political gesture. (Dadwal, 2008; Iranian President, 2008)

During the visit, Tom Casey, US State Department spokesman, at a press conference called on New Delhi to take on a harsh position against Tehran. India's Ministry of Foreign Affairs in response to Casey's comments issued a statement that read: "India and Iran are ancient civilizations with relations that date back to centuries ago. India and Iran have the necessary capacities to properly manage all aspects of their relations. The situation in the region has always attracted the attention of both nations. Clearly it is evident that all these issues have been resolved through nonstop dialogue and exchanges of different delegates."

The statement by the Indian Foreign Ministry also indicated that none of the parties needed any future guidelines with regard to the nature of their relations as they have come to believe that only enhanced ties and dialogue could bring about peace and tranquility. (India Bristles, 2008)

Although India does not want to see the emergence of another nuclear power in its neighborhood, New Delhi has regularly made it clear that Iran has every right to civilian nuclear energy. C. U Bhaskar, former head of the Indian Institute for Defense Studies and Research, said on the likely impact of this visit on New Delhi-Washington relations that: "Although it is true that over the years India has got itself closer to the United States; India never desires to see the improvement of its US ties destabilize New Delhi's relations with Tehran. (*IRNA*, April 23, 2008)

India's Urdu daily 'Sahafat' wrote in an article on President Ahmadinejad's visit to New Delhi that the visit was very important. It added, "Ahmadinejad is different from all other Muslim leaders. He is the biggest supporter of unity among Muslims and since he does not yield to the US pressures, he enjoys full respect among the third world nations. Ahmadinejad supports the oppressed Muslims of the world and has proven that the reason the United States bullies others is not because it has supremacy but because Muslims lack the power of

faith. For that reason, from the people in Palestine to those who have been afflicted in Lebanon, all have cast their hope on Ahmadinejad. (*IRNA*, April 26, 2008)

Iran-India relations date back to thousands of years ago. In addition to cultural and historic commonalities, Iranian and Indian traders play a key role in bolstering multilateral ties. It can be safely concluded that culture and trade have always acted as important elements in protecting and improving constant relations between the two nations. Over the years, exchanges of high-ranking delegates along with signing of important accords have brought about excellent opportunities for shared development and prosperity. The energy agreements or India's participation in the development of Iranian oil fields are among the fine outcomes of such relations. In the words of Iranian Ambassador to India Seyyed Mahdi Nabizadeh, "The value of Tehran-New Delhi trade exceeds the \$9 billion mark, exceeding that of last year."

There is no doubt whatsoever that oil and gas agreements reached between Iran and India have built a strong foundation for India to ensure its energy security and safeguard its economic and industrial development and growth. Indian economic experts believe that construction of the proposed Iran-Pakistan-India gas pipeline will be the best possible measure ever taken to boost cooperation between Iran and India in the field of energy. The North-South Corridor, an international transportation route signed by India, Iran and Russia, is also another shining example of ever closer cooperation between Iran and India. The transportation corridor will connect eight other countries and will act as a bridge linking the Asian continent to Europe. It will equally facilitate commodity exchange and transportation between the two continents and slash costs.

The plan to set up a West Corridor in collaboration with Iran, Afghanistan and India and connecting it to Uzbekistan is similarly another shining example of ever closer cooperation between Iran and India in the transportation sector. (Blank, 2003; Bright Outlooks, 2008)

Iran has been surrounded by a regional market that has 300 million consumers. This calls for ever closer economic and technical cooperation between Iran and India. Just for the record, Indian and

Iranian companies can exploit Iran's rich energy resources to build cement, steel and aluminum factories and power plants. Other appropriate fields for cooperation could consist of IT, environmental technology and tourism.

India's National Security Adviser M. K. Narayanan has equally laid emphasis on the importance of these relations. He said: "Iran is not just an international political issue for India; rather it is also an internal matter. This is because the second largest Shia population resides in India which has ties with Iran that go back to hundreds of years ago. Iranian developments have major impacts on India. (*IRNA*, April 23, 2008)

As things stand, the long-established Iran-India relations are still being challenged by India's vote against Iran at the IAEA and the UN Security Council. On the other hand, the two sides are gradually appreciating the importance of each other. This helps improve relations. President Ahmadinejad's visit to New Delhi was a step forward in repairing these relations. Indeed, there are still issues that need to be resolved with regard to the IPI gas pipeline project, which, by the way, has come under US pressure. However, given the existing capacities *and* obstacles, the two sides cannot and should not ignore each other when it comes to foreign relations - a fact so evident in comments made by the officials of the two countries.

Iran-China Ties

Iran-China relations date back to more than 2,500 years ago. Cultural, artistic and scientific exchanges have had immense impacts on these ties. After the victory of Islamic Revolution in Iran in 1979, bilateral cooperation entered a new phase. Political ties similarly continued to grow in the years after the revolution.

After the imposed Iraqi war on Iran in 1988 and the beginning of reconstruction era, especially following the open-door economic policy in Beijing, Iran-China ties began to grow as they began to broaden their relations by dispatching high-ranking delegates to each other's capitals.

Iran-China ties are rather complex and depend on deep-seated historical considerations, economic necessities and political will when it comes to forming a multilateral political order. The partnership is not a coalition; rather it is a different collection of common interests.

Over the past 15 years or so, China's average economic growth rate has been around 10 percent per annum. (Shariatinia, 2006; *An Analysis of Iran-China Relations*, 2006)

In 2007, the country consumed 8 million barrels of crude oil per day. The International Energy Agency has forecasted that by 2030 Chinese oil imports will equal those of the US. Because of the rising demand, China has increased its joint energy ventures. Iran at the moment is considered one of the main pillars of energy security for China. In 2005, Iran was the third biggest supplier of crude to China, meeting around 14 percent of its oil imports. In light of a good number of joint ventures, Iran is one of the main suppliers of crude oil to China. Because of the US-led sanctions, American and European firms refuse to invest in Iran and in their absence it is the Chinese and Russian firms which have had the upper hand in Iran's energy development projects.

Since the 1990s, Chinese companies have been involved in the development projects of oil fields in the Caspian Sea and construction of Neka pipeline along the southern shores of Caspian Sea which will connect to the refineries in Tehran and Tabriz. Iran has also given priority to the Chinese companies to conduct future drilling operations beneath the sea.

In October 2004, Iran and Chinese company Sinopec inked an agreement worth \$100 billion to sell 250 million tons of LNG and 150,000 barrels of crude for a period of 25 years. This was the biggest energy contract. Under the deal, China now holds 51 percent of stakes at the Yadavaran oil field near the Iraqi border. In 2004, state-owned company Jinrong agreed to purchase 110 million tons of LNG from Iran worth \$20 billion for a period of 25 years. At the moment, the company is purchasing 303,000 barrels of oil per day from Iran under a 10-year deal. Iran and China have also signed another deal for LNG purchase, the value of which is not known yet. In January 2006,

Beijing and Tehran signed a \$2.8 billion deal to develop Arak Refinery.

In December 2006, China's National Onshore Oil Company signed a \$6 billion contract to develop the giant South Pars Gas Field and build LNG facilities in Iran. The project will take eight years to complete after which the company will receive 50 percent of produced gas. The proven gas reserves of the field stand at around 17 billion barrels. For the same reason, Chinese costs will probably reach \$100 billion. Under another deal signed in March 2007, National Chinese Oil Company, the country's biggest energy firm, agreed to double its investments in Iran's biggest energy field. Under the deal, the company will spend \$150 million to boost the production capacity of Masjed Soleiman Oilfield. Upon the completion, the field is expected to produce 25,000 barrels of crude per day for China. (Iran in China's Pearl, 2006)

After three years of intense negotiations, in November 2007, a contract to develop Yadavaran Oilfield was signed by Sinopec worth around \$2 billion for its Phase 1. Under the deal, the development of Phase 1 producing 85,000 barrels of crude and Phase 2 producing 100,000 (185,000 in total) was handed over to the Chinese company. Phases 1 and 2 will come on stream after four and three years respectively. The initial investment for Phase 1 will be around \$2 billion. Investment costs for Phase 2 plus the final costs of the project will be determined after the contract has been finalized.) (*ISNA*, Dec. 9, 2007)

Following the \$2 billion contract signed by Iran and China, world media attention was directed towards the timing of the deal which coincided with the increased US-led sanctions on Iran. The Financial Times reported that the deal was a warning to the European firms, arguing that the signing of the contract sent a clear message to the European firms that if they follow in the footsteps of the US sanctions policies they will lose the chance to take part in Iran's lucrative energy deals. The Washington Post similarly reported that US security agencies had reduced the likely risks involved in the deal for the Chinese company of Sinopec and that despite intensified US

pressures the company would put the project into service. (*Hamshahri*, Dec. 9, 2007)

Moreover, Iran and china plan to construct a 386-km pipeline to transfer oil to the Caspian Sea. The pipeline project could then connect to the China-Kazakhstan pipeline which is still under construction. China is also building oil terminals in Guangdong, Shanghai and Fujian.

On the other hand, the volume of trade exchange between Iran and china - although moderate in the past - kept rising from \$1.2 billion in 1998 to \$10 billion in 2005 and \$20 billion in 2007. China's market share in Iran from 1 percent in 1979 reached 8 percent in 2003 thanks to its home appliances and capital goods exports. More important though, there are now hundreds of Chinese companies operating in Iran. The China North Industries Corporation has inked an agreement worth \$836 million to build two metro underground lines in Tehran. Beijing further intends to invest \$200 million to help finance the construction of Tehran-North Highway and a dam in north of the capital.

Additionally, China's Chery Company has set up its first-ever foreign assembly line in Iran. It is now producing more than 20,000 units of car per year and has just entered into negotiations with the Iran Khodro Company on a \$370 million joint venture. (*Iran in China's Pearl*, 2006)

The US government believes that the growing trade ties between Iran and China creates complexity for the measures taken thus far to put pressure on Tehran in the nuclear dispute. The US Department of State has on several occasions voiced its objection to Beijing over its rising exports to Iran. In addition to being concerned over the rising trade ties, Washington has also expressed its dissatisfaction over the exports of dual-use goods and facilities. It believes that the ongoing trade ties go against the anti-Iran UN resolutions.

Beijing has also reproached Washington for sanctioning a number of Chinese firms. In 2005, Washington imposed unilateral sanctions on 9 Chinese firms for allegedly exporting military

equipment to Iran. It also prohibited American firms from doing business with them. (Dombey, 2007; America's Relations, 2005)

In 2007, in the absence of trade exchanges between Iran and the EU, Chinese firms began to fill up the gap left by the Europeans. In the first half of 2007, China exported to Iran steel and ironware worth around \$858 million, which was significantly up on the figure of \$30 million in 2006. During the same period, the value of machinery and industrial turbine exports reached \$484 million. The figure was \$337 million a year earlier. (Iran-China Trade, 2007)

Besides economic cooperation, Iran is delighted to see a resurgent China in the Middle East and Central Asia for its widespread geopolitical consequences. From Beijing's standpoint, Iran is against the United States and could help facilitate its foothold in the Sea of Oman and the Persian Gulf. China has already set up military bases along the sea routes to the Middle East in order to display its military prowess and protect its oil tankers.

China seeks to boost its trade ties with Iran and institutionalize its presence in Central Asia. Under the circumstances, it can easily gain access to the energy-rich resources of the Caspian Sea, rely less on oil imports from the sea routes to the Persian Gulf, and secure an uninterrupted flow of crude. This perfectly matches the deals it has already signed, including the \$3.5 billion China-Kazakhstan oil pipeline among other efforts to reduce its dependency on Mideast oil. For Iran, which is under US and European sanctions, China and Russia are gateways to the global markets.

Iran has an observer status at the Shanghai Cooperation Organization and is seeking full membership. Washington assumes that the organization has been categorized by Russia and China to cancel out its influence in Central Asia. Under the circumstances, this regional order leaves room for concern for Iran – although Iran prefers a greater role for China and Russia than the US.

China has recently prepared a list of investor-friendly nations for its oil ventures which excludes Iran. China's National Development and Reform Commission, which devises national plans, has announced that Chinese companies investing in the oil and gas sectors of Bolivia, Ecuador, Kuwait, Libya, Morocco, Niger, Norway,

Oman and Qatar will be exempt from tax and receive many other incentives. (Iran in China's Pearl, 2006)

China has already signed energy deals with Angola, Australia, Nigeria, Sudan and Venezuela. This clearly serves as further proof that Beijing is looking for oil regions other than the Middle East. This includes North Africa, Central Asia and Latin America. China has always been trying to expand cooperation with Russia. The available data shows that its oil exports from Russia and other former Soviet Union bloc have been steadily on the rise. Access to the African oil for a country like China which seeks to reduce its dependency on Mideast oil is important after all. To this end, Beijing has struck friendly relations with the African states. These countries also welcome Chinese investment in their territories. (Downs, 2007)

Since China needs energy, its ties with Iran are growing by the day. However, the US sanctions and anti-Iran UN resolutions are undermining these ties. China's position on UN resolutions clearly demonstrates the fact that it is not fully supporting Iran's nuclear position. In addition, the level of its trade ties with the United States cannot be compared to that of Iran at all. Beijing has always taken into consideration such a huge trade gap in its relations. Therefore, as long as such bilateral interests exist, Iran-China relations cannot be seen as strategic. Although Chinese President Hu Jintao has already traveled to 50 countries and is considered to be one of the most-traveled leaders in the world, he has not visited Iran yet.

Iran-Japan Ties

Relations between Iran and Japan have always been upbeat. The volume of their trade exchange exceeded the \$12 billion mark in 2006. During the period, Iran became the third biggest exporter of crude to Japan. (Iran Economic News, 2006) However, Japan was the first Asian country that implemented anti-Iran sanctions policies by the US. In the early days of the dispute over Iran's nuclear program, especially when the United States declared it 'a global threat', Tokyo was first to back Washington in Asia. Even when there were talks

about foreign firms leaving Iran, Japanese companies active in oil and gas fields had already been preparing to pull out.

Anti-Iran economic sanctions have been a hot topic of discussion among international circles for some years. The measures were aimed at stopping Iran from continuing its peaceful nuclear program. Over the past few years, the UN Security Council has issued three sanction resolutions against Iran. It also prepared a list of Iranian individuals and companies involved in the program and put them on its international blacklist.

The implementation of anti-Iran sanctions in Asia started from Japan. Japan was the first to put them into practice, later followed by China and India. These countries limited their trade ties with Iran only after getting numerous economic incentives from the United States and Europe and only after they had secured huge deals with the EU member states, in particular France. (US Sanctions Plan, 2008) All things considered, Japan is still the biggest economic powerhouse on the Asian continent. It is among top industrialized nations in the world with a huge US trade volume. So, it is doing all it can to keep it that way. The Iran-Japan trade volume does in no way match that of the Japan-US. (Green, 2006)

Iran-Japan economic ties are not significant either. Based on the available data, energy comprises the biggest share of Iran-Japan trade exchanges. As one of the five biggest countries of the Middle East, Iran supplies Japan's energy needs i.e., crude. (Hamshahri, 2008)

Based on the available data from the 1970s, Saudi Arabia, the United Arab Emirates, Kuwait and Iraq supplied 12.4 percent of Japan's oil. In the 1980s, the figure reached 31.4 percent. During the Iran-Iraq war and the spread of crisis - after the Iraqi invasion of Kuwait and the consequent sanctions imposed on Iraq - Japan's economic ties with Iran shrank. It was all the same for Iraq and Kuwait. During these years, investment ventures went down in these three countries as the Japanese began searching for alternative markets. Over the past few years, these nations worked hard to fix their ties and consequently, several Japanese oil and gas companies returned to Iran for investment. However, this time around,

Washington objected to the joint ventures, leaving no choice for the Japanese firms but to pull out. (Country Analysis Briefs, 2007)

C) Relations with South-East Asia

There are many different aspects to relations between Iran and the South-East Asian states that can barely be analyzed in such a small article. For the same reason, the focus will be on Iran's relations with the Muslim states of Malaysia and Indonesia.

Iran-Indonesia Ties

With a population of 240 million, Indonesia is the biggest Muslim country in the world. Because of its vast economic and trade capacities, it has special importance for Iran. Iranians have been travelling to Indonesia since eight centuries ago. Around 400 Persian words are used in the Indonesian language – a clear indication that the Indonesians are familiar with Iran's culture. The Indonesians are also very much familiar with the Islamic Revolution in Iran and its revolutionary-Islamic ideals and thoughts. The people of Indonesia are similarly acquainted with Iran's Islamic-revolutionary standpoint and give special importance and value to its revolutionary school of thought.

Indonesia is situated in a strategic place. The Strait of Malacca between Indonesia and Malaysia is a shipping route, putting Indonesia in a strategic point among other countries. Equipped with its economic, political and military dexterities, the country could prove useful to unity and convergence among Muslim states.

Economic relations between Iran and India have been on the rise; however, there is still room for further development. Indonesia has vigorously backed Iran and its civilian nuclear program in international organizations. More important though, it has voiced its objection to the anti-Iran sanction resolutions at the UN Security Council. Indeed, its support for Iran is commendable.

Indonesians have a positive view on Iran. During a visit to Indonesia in 2006, President Mahmoud Ahmadinejad was largely

welcomed by the people. This clearly displayed Iran's positive position in that country. The relations were shaped amid new developments in that country in recent years. In this respect, the officials of the two countries have met in different levels to negotiate on various subject matters.

Cooperation has been positive and in alignment - with some major results - in international organizations and forums such as the United Nations, the Non-Aligned Movement, and the Organization of Islamic Conference.

The 8th Session of Iran-Indonesia Joint Economic Commission was held in April 2004 in Indonesia. During the gathering, the participants finalized important agreements on holding up investments, elimination of double taxation, customs cooperation, export guarantees, and fight against drugs trafficking. The 9th session of the commission was held in February 2005 in Tehran. During that meeting, the participants signed agreements on economic partnerships and holding up joint investment ventures. They also inked cooperation MoUs on fisheries and fight against contraband.

Iran's foreign minister paid a visit to Indonesia in February 2005. During the visit, Manouchehr Mottaki held talks with Indonesia's president and foreign minister, and inked a MoU on visa waiver for those travelling with diplomatic passports. The Iranian delegate also announced Tehran's readiness to construct a refinery in Indonesia with a daily production capacity of 300,000 barrels.

President Mahmoud Ahmadinejad's visit to Indonesia in April 2006 was a turning point in bilateral political, economic and cultural relations. During the visit, six cooperation documents were signed including: Customs Cooperation Agreement; Cooperation MoU on Energy; Cooperation MoU between Small- and Medium-Sized Industrial Units; MoU on Scientific and Technical Cooperation; Cultural Exchanges From 2006 to 2008; and MoU on Refinery Construction in Indonesia.

To implement the above-mentioned agreements, there have been several delegate exchanges - a clear indication that the two sides have the necessary political will to meet their commitments. (*IRNA*, 12 March, 2006)

In January 2006, former Majlis Speaker Gholam Ali Haddad-Adel paid a visit to Indonesia. Concurrent with his visit, a deal was finalized to establish a joint company to invest and construct a chemical fertilizer factory in Iran's South Pars Gas Field. The total value of investment is \$700 million.

In March 2007, Indonesian President Susilo Bambang Yudhoyono visited Tehran. During the visit, the presidents of the two countries attended a meeting of high-ranking delegates and highlighted the importance of broadening cooperation in international organizations and the Islamic world. During the talks, President Ahmadinejad and his Indonesian counterpart called for expansion of bilateral ties in all spheres. During a joint session, they also inked five cooperation documents. The Indonesia president then referred to his country's abstention vote on the UN Security Council resolution against Iran's nuclear program and added: "Indonesia's vote went against all the rest of the council's votes. The reason for that was Iran's excellent cooperation with the International Atomic Energy Agency (IAEA). So, we see no reason for ratifying a new sanctions resolution against Iran. We do believe that Tehran has stepped up its cooperation with IAEA. (*Hamshahri*, 12 March, 2006)

As a general rule, Iran-Indonesia relations experienced a significant growth during the tenure of President Mahmoud Ahmadinejad. The presidential visits serve as further proof that bilateral cooperation is indeed increasing. Other important points worth mentioning during this particular period could be Indonesia's support for Iran's nuclear position at international bodies.

Iran-Malaysia Ties

Political relations between Iran and Malaysia began in 1975 and since then trade and economic exchanges have been steadily on the rise. The first joint trade session between Iran and Malaysia was held in the summer of 2006. Iran is the third biggest partner of Malaysia in Mideast. President Ahmadinejad's visit to Malaysia in 2005 was a turning point in bilateral ties. During the trip, three

cooperation MoUs were signed, including one on construction of residential units in Iran.

On December 25, Iran and Malaysian industrial group SKS signed a \$16 billion contract to develop Golshan and Ferdows gas fields in Bushehr. Close to \$6 billion of the contract has been allocated for development of upstream and production of natural gas from the fields and the rest have been for downstream LNG production. SKS Ventures, a subsidiary of Al-Bukhari Foundation, has been commissioned to develop the fields. (*Mehr News Agency*, Dec. 25, 2006)

The initial agreements on the project were reached in January 2007 but US objections and pressures delayed its finalization for months. The United States is trying to increase pressure to isolate Iran. For the same reason, it is against foreign ventures in the country's industrial sectors, particularly oil and gas, which generate huge revenues. Still, economic prosperity and lucrative profits for foreign ventures in Iran, one of the biggest oil and gas exporters in the world, are simply too enormous to be missed. That explains why Washington failed to convince SKS Ventures to pull out.

Due to the sanctions regime, Western companies stopped investing in Iran in an attempt to exert economic pressures on Tehran to abandon its nuclear program. However, Iran's economy has been least affected by the measures, thanks largely to its joint ventures with China, Russia and Malaysia.

Nevertheless, the joint venture will take 25 years to complete. It will then increase the production capacity of the country to 60,000 million cubic feet of natural gas. Once completed, 50 percent of the produced liquid gas from these fields will be allocated to Malaysia. Oil Minister Gholamhossein Nozari referred to the deal 'as the biggest of its kind in Iran's oil and gas history'. On the volume of proven gas reserves in the fields he said: "Golshan field with 50,000 billion cubic feet of gas in place and Ferdows field with 10 to 11,000 billion cubic feet of gas in place equal those of North Pars Gas Field. Golshan is situated 180 km south-east of Bushehr, 65 km off the sea." The volume of Golshan's in place gas reservoir which is located deep in the Persian Gulf waters, stands at around 42 to 56,000 billion cubic feet.

In June 2008, Iranian Offshore Oil Company and a Malaysian oil company signed a cooperation agreement worth \$5 billion to develop the Persian Gulf Oilfield. Under the agreement, the deal to develop the oil field in Bushehr province will be soon finalized by the Iranian and Malaysian sides and the executive works will begin. The giant development project is expected to boost Iran's oil production capacity and alleviate its position in OPEC. It is also expected to create 2,500 new jobs for the region besides earning many other economic advantages.

After signing a one-billion-dollar contract to develop Resalat Oilfield and the beginning of its executive works, Malaysian companies showed greater interest in other joint ventures – an indication that they intend to outpace other Asian and European rivals by taking advantage of the abundant investment opportunities in Iran's oil and gas sectors. (*IRIB*, May 23, 2008)

In addition to oil, Iran and Malaysia have also entered into joint ventures in other sectors such as auto manufacturing and construction. In 2008, Iran's Saipa and Malaysia's Proton signed an agreement to jointly manufacture cars. Under the deal, they will design and build four models over a period of five years. They will also take advantage of each other's export markets and finance joint ventures. (*CARNA*, 2008)

In August 2008, a representative of a Malaysian company in Tehran announced: "The biggest joint investment venture by Iran and Malaysia in the construction sector worth around \$400 million is in progress." He referred to the venture as the biggest trade, cultural and leisure center in the capital and added: "The complex is being built in Ekbatan Township on 19 hectares of land with 160,000 square meters of infrastructure." According to him, the project has had a 35 percent physical progress thus far and its first phase will come on stream by March 2009. The venture was finalized three years ago and its executive works began in April 2007. (*BANA*, 2008)

Iran-Asia Relations: Key Factors

Given the above examination of Iran's relations with a number of Asian states, it is now clear that certain factors have had an impact on them. Some of these factors threatened while others helped to effectively develop and cement these ties:

1- Global Energy Needs

One of the effective factors in Iran's relations with the Asian states is their dire need for energy. Such a need, however, has different levels, depending largely on the scope of economic development and growth. The need in places such as Japan, India and China, which are the emerging powers, is higher. In places such as Malaysia and Turkey it is to some extent lower – although this does in no way mean that it could be overlooked. Another issue concerns energy security, which has been the case for many countries given the hike in oil prices in recent years. These countries are trying to secure their future energy needs and to this end they are also diversifying their resources. This includes diversification of resources (such as oil, gas etc.) and suppliers. At any rate, Iran is rich in proven energy reserves with a decisive role in this equation. It has 137 billion barrels of proven crude oil (12 percent of world total), and ranks second after Saudi Arabia. In addition, the country has 27 trillion cubic feet of proven natural gas reserves (15 percent of world total) and ranks second after Russia. Iran produces around 4 million barrels of crude oil per day and 120 billion cubic meters of natural gas per annum, or 4 and 5 percent of world total production respectively.

On the other hand, the country is situated in one of the most important energy hubs in the world i.e., the Persian Gulf. Relations with Iran are of high importance, not only because of its energy, but also the fact that it has an impact on the region and energy prices.

Iran's energy resources serve as a powerful chip in diplomatic bargains. In fact, energy is one of the chains that link Iran to the outside world. Energy links with important countries in addition to huge economic merits serves Iran's security interests – it creates

dependency on Iran for securing a strategic commodity. On the other hand, it deters military threat. In other words, a military strike on Iran could have extensive consequences for the region and oil prices it works as deterrence per se. Conversely, Iran's nuclear case and Western sanctions gave the opportunity to the Asian states to fill the gap left by Western firms, invest heavily in Iran's energy development ventures, and guarantee their energy needs.

2- Iran's Geopolitical Position

Another significant factor for the Asian states has to be Iran's geopolitical and strategic position in the Middle East and Central Asia. In other words, from one hand Iran is in the vicinity of Persian Gulf which is home to world's biggest energy reserves, and on the other, it is in the vicinity of Caspian Sea and Central Asia, which are equally rich in energy. More to the point, the country is situated between world's two crisis-ridden points i.e., Iraq and Afghanistan. Such a perfect position cannot be overlooked by a world that needs energy, nor can its transit potentials be ignored - especially when it can help many countries gain access to Central Asia and the Caucasus.

Neighboring with Iraq and Afghanistan provides Iran a unique chance to play a valuable role for them, an influence that cannot be overlooked even by the United States. The Asian states can exploit such a position to their advantage by leaning towards to Iran - also a powerful apparatus for the country, indeed.

3- Iran's Nuclear Program and Western Factor

The Iranian peaceful nuclear program and the challenges and tensions raised against it by Western powers have affected Iran in its new look towards Asia. Although under pressure by the West for broadening their ties with Iran, the Asian states are not stepping back. In other words, the initial wave of Western pressures is exerted on Iran. From this point of view, Iran-Asia relations can be evaluated from different perspectives. Some nations like Japan, just like the West, have agreed to the sanctions, implementing them gradually. But

even Japan is purchasing energy from Iran while being affected by the oil embargo. The decision to pull out of the Azadegan oil field has created a lot of debate in Japan. Some countries such as China cannot simply overlook Iran's energy. For that reason, Beijing is taking full advantage of the situation by investing in joint energy ventures. It is worth mentioning that China has adopted a passive strategic development in its interaction with the West. Given its enormous relations with the West, not much can be expected from Beijing when it comes to supporting Tehran and its nuclear program. Then again, Chinese officials believe that they have helped minimize the effects of sanctions – which could be a significant point. In other words, on Iran's nuclear case, Beijing tries to support the principles of Non-Proliferation Treaty while at the same time making efforts to preserve its status as a responsible and emerging power. In fact, China is adopting a steady backpedal policy to avoid any tension with the United States and buy enough time to conclude its economic development agenda.

Iran used to view India as an independent and non-aligned state. So it expected New Delhi to support its position in the nuclear dispute with the West. It seems the development of Iran-India ties is also an axis for New Delhi's support of Iran. Then again, the recent nuclear deal with the US has affected India's relations with Iran. The deal could give New Delhi the chance to become a nuclear power by using Western know-how to master the nuclear technology – even though it is not a signatory to NPT. Of course, Israeli pressures also played a part in this equation. Some believe that India voted against Iran at the Security Council to get Western incentives. There were protests in India as many believe that Iran has always been their closest friend in the Muslim world with conducts that have served India's interests in international bodies. The move showed that choosing the West could serve India's national interests. After the move, Tehran made it clear that India's mistake did not affect its Iranian relations. In fact, Iran expanded its relations instead of reducing them. President Ahmadinejad's visit to India this year followed the same policy. New Delhi also tried to adopt an

independent position during the visit amid US pressures – although it is too early to suggest that US pressures were not effective.

As a NATO member Turkey is in perfect alignment with the West. Ankara tries to develop its relations with Iran while at the same time adopting an independent approach. US pressures have had some impacts though. As a Western ally in the fight against terror, Pakistan backed Iran's position. Although under Western pressure, Islamabad continues to press ahead with the IPI gas pipeline project. It is also sending signals to the West that the project could be scrapped if there is a similar nuclear cooperation proposal.

At any rate, Iran's neighbors are under different pressures. From one hand, the West is asking them to reduce ties with Iran and on the other they seek broader relations because of the vicinity as well as Iran's energy, geopolitical position and regional role. Tehran is also exerting efforts to knock up closer ties with its neighbors.

Although these nations have acknowledged that Iran's nuclear program is peaceful and poses no threat to their security, under pressure from the West, their Iran relations have gone through cycles of boom and bust. For good reason, though, over the past three years trade and economic cooperation between Iran and Asia has been steadily on the rise, especially in energy. In reality, the nuclear dispute and the Western factor pose serious threats to these relations – although they also provide excellent opportunities for the Asian states to expand ties with Iran. It goes without saying that were Iran not under Western pressures, it would have had far more restricted relations with Asia.

4- Soft Power Elements

In the modern world, especially after the 9/11 attacks, new players and games have emerged that are completely different than those in the Cold War era. The exercise of soft power gave Iran and other Asian states the chance to enhance their relations, which did not exist during the Cold War. At that time, the superpowers had the final say in international relations. Now the tools for exerting such pressures have been changed with new players on the scene.

Consequently, the former superpowers have less influence now - an effective factor behind the rising Iran-Asia ties.

5- Iran's Image and its Prestige among Islamic and Third World countries

Iran's resistance as an independent state against the bullying powers is a prestige for it. Such a prestige has been expressly received well by the Asian states - as quoted by (Indian) daily, Sahafat. This equally reflects the views of many other newspapers in the Muslim world. President Ahmadinejad is an icon among Muslims as he stood firm against the bullying West. Accordingly, Muslim leaders, especially those in Malaysia, Indonesia and Pakistan, now support Iran. This is also all the same in a secular state such as Turkey.

In addition to the above-mentioned factors, there are many others that have had similar effects on Iran-Asia relations. For instance, the roles of India and Afghanistan cannot be overlooked when it comes to Iran-Pakistan relations. Similarly China, Pakistan and Afghanistan play imperative roles in Iran-India relations. Equally, China is a factor in Iran-Japan ties.

Conclusion

Iran has huge oil and gas reserves, with extensive technical experiences in the field of energy. It equally enjoys an excellent geographical position in the Persian Gulf and the Caspian Sea, and neighbors Central Asia. For that reason, it can easily export its energy from southern, eastern and north-eastern region via pipelines to the energy-starved Asia.

Iran has even a much more important position when it comes to the gas sector. From one hand, natural gas tops Asia's energy strategy, and on the other, Iran has the second largest proven gas reserves in the world, while sitting close to the West Asian region.

More importantly, the construction of Iran-Pakistan-India gas pipeline (Peace Pipeline) could play a vital role in resolving one of the longest crises on the Asian continent (the Kashmiri dispute between Pakistan and India). It could also act as a fundamental step towards

realization of peace and development in this important part of the region.

The advantages (rich energy resources and geopolitical situation) have helped Iran dodge sanctions and turn to the East for greater relations and cooperation. From one hand, the Asian states cannot ignore Iran due to their dire energy needs and on other hand, they are filling up the gap left by Western companies (competition for oil). Certain countries have taken the opportunity to use the Iran card to get incentives from the West. Iran also tries to open new windows of opportunity amid Western pressures. The reality, though, is that collective efforts towards broadening all-out political, security, economic and trade cooperation could help reduce problems and increase relations in this part of the world.

For instance, Iran has friendly ties with the Asian subcontinent and expects that this could pave the way for regional convergence as well. Afghanistan is Iran's neighbor and Pakistan has gone through civil and foreign wars for decades with a looming threat of occupation. This clearly requires more effective collaboration on the part of Iran and Pakistan for ensuring peace and stability in that country.

Another reality concerns US efforts to isolate Iran in the political arena. American meddling and demands from India were discussed during President Ahmadinejad's visit to New Delhi. They visibly pointed the finger towards the real intentions of Washington. Iran has stood firm against the US political siege - although it has had to deal with economic impediments at the same time. Washington imposes sanctions on any company that invests more than \$20 million in Iran's energy sectors. Other barriers in the way of foreign investment include disputes over the nature of contracts, delays, bureaucracy, infrastructural problems, and prohibition of oilfield ownership.

At the same rate, the US and the UN have targeted Iranian banks in an attempt to put pressure on Tehran over its nuclear power program. Foreign banks are also under immense pressure to cut ties with Iran. Some have already stopped offering letters of credit to

Iranian traders. But this has had little impact on the country's oil and oil derivatives exports.

Iran has been using other means for money transfer as agreed by its trading partners instead of using letters of credit. An example could be the way gasoline and diesel fuels are sold. Iran used to import diesel fuel from India, but because of banking restrictions, it is now using Singapore.

The volume of trade exchanges between Iran and the Asian states does in no way match that of the US-Asia. The pressing question is what choice do these countries have then? Additionally, Asia has new emerging powers which are fine with and committed to the present world order in an attempt to exploit its rewards. (Zhengang, 2007)

Quite the opposite, Iran desires a change in such order. At any rate, these totally different views have the potential to menace Iran-Asia ties. Some have come to believe that Iran seeks the great powers' confrontation which is not efficient anymore as a cold war mentality and such a view on international system could equally constrain Iran-Asia ties. Iran tries to cancel out each and every destructive move that is being made by the West. To this end, Asian states cooperate more closely with Iran. The Iranian resistance has ushered huge incentives for these nations - such as securing deals with the West to build nuclear power plants on their soil. Yet they have also come to realize that the growing pressures and military threats are not to the advantage of any nation in the region. For that reason and no other, they have joined forces with Iran to reduce tensions. To sum up, over the past three years or so, Iran and Asia have inked a good number of oil deals and cooperation MoUs. Although unlike any other time, there have been extraordinary pressures on Iran and its foreign relations, the period witnessed an unprecedented rise in the number of energy deals and other cooperation agreements.

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