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IRAN'S RELATIONS WITH SOUTH ASIA, CENTRAL ASIA, CHINA AND RUSSIA

Abstract

Iran's relations with major countries of South and Central Asia, as well as with Russia and China warrant closer examination because there are crisscrossing ties among these regions and countries. All have been, and still are in varying degrees, under considerable pressure from the USA and the West on a number of issues, which they consider of vital interest and of importance to themselves -- human rights, development of nuclear power and technology (nuclear proliferation in Western eyes), space and missile technology, and arms sales. These pressures are very likely to make them gravitate to each other more and more, in a show of solidarity. Even if Iran's relations with the United States do become normalized in future, this will not mean jettisoning of the close partnerships which Iran has painstakingly forged, or is in the process of forging, with India, China and Russia. Rather, each of the strands between these important countries is likely to continue being strengthened, in bilateral configurations, along parallel tracks, strengthening multi-polarity in the global context, which they all favor.

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INTRODUCTION

Located strategically in the Persian Gulf, Iran is an active player in the immediate neighbourhood of the Gulf and beyond. The purpose of this paper is to review the foreign relations of Iran with South Asia, the Central Asia, China and Russia. An attempt will also be made to bring out the implications of Iran's foreign relations with these sub-regions and countries for the USA.

In evaluating any country's foreign relations, it is important to view these relations against the larger backdrop of its geography, its historical and cultural legacy, and its various compulsions, domestic, regional and global, which have a direct bearing in shaping them. The first section of the paper briefly portrays the backdrop of Iran's geography, history and contemporary realities. Iran's relations with South Asia, Central Asia, China and Russia are taken up in the subsequent sections. The concluding section brings out the implications of these relations for USA.

GEOPOLITICAL, HISTORICAL AND CONTEMPORARY CONTEXTS

Geography

Although traditionally viewed as the easternmost part of the Middle East, more precisely, West Asia, it could just as well be argued that Iran is an extension westward of the South Asian region, because of its historical connections with the Indian Sub-continent and Afghanistan. In the north, it was traditionally bounded by an expansionist imperial Russia and its successor state, the former Soviet Union; with the latter's fragmentation, the newly independent Central Asian states

offer Iran a welcome buffer with the new Russia. Turkey and Iraq are the principal powers contiguously located on its west.

Historical and Cultural Legacy

The Iranians as a nation have a deeply ingrained sense of their historical and cultural legacy, in which they take great pride. In the sixth and fifth centuries B.C., Iran constituted the first world empire. For centuries, as an integral stretch of the Silk Road, it formed an important bridge between East and West, serving as a conduit for cross-pollination of ideas and interaction of culture, which ultimately nurtured the Renaissance in Europe.

After the fourth century B.C., it suffered a series of humiliating invasions and conquests --- by the Greeks, Romans, Arabs, Turks, Mongols, and Afghans. But Iran's resilient and rich indigenous culture helped it to insulate itself from the ravages of those invaders, and eventually also converting them to patronizing, and even championing, Persian culture. From this history of successive conquests, the Iranians developed an overriding sense of vulnerability to foreign enemies who surrounded them. This has been largely responsible for the Iranian tendency towards a strong, even autocratic, central government (whether as a monarchy, or as a Republic), fuelling nationalism and giving primacy to the role of foreign policy.

Domestic Compulsions

The principal domestic factors which impinged on the foreign policy of Iran were their nationalist aspirations as a modern nation, crystallizing at the turn of the nineteenth century; into what came to be known as the role of the Clergy. The clergy had been a constant factor in Iran's national

political development and this is not a new phenomenon in Iran's polity. A symbiotic relationship existed between priesthood and ruler from the times of the Achaemenians, and perhaps even earlier. The latest manifestation has, of course, been the Islamic revolution of 1979 which toppled the Shah. Domestic developments of the last decade which have impacted, and are likely to do so in future, on Iran's foreign relations include: serious recession in the economy generating hardship for most people and gradually setting them apart from the ruling Mollahs; the increasingly youthful demography of its population, with an overwhelmingly large part of the population being between the ages of 20-40 years; high literacy rate among both genders (almost 90% as officially claimed); and its continuous interaction with the Iranian Diaspora, as well as its extensive exposure to the information highway. All these factors have increasingly generated the internal pressure for reforms, liberalization and opening up to the world. The election of Khatami as a reformist President in 1997, and the election of a reformist Parliament in 1999 are direct consequences of these factors, with significant ramifications for Iran's foreign policy at the turn of the twentieth century.

Major Threat Perceptions in Modern Times

Commencing from the late eighteenth century, through the nineteenth century, and for much of the twentieth century, Iran's over-riding threat perceptions were from Ottoman Turkey, Afghanistan, Imperial Russia / Soviet Union, Britain, and more lately since 1979, from the USA.

The extensive degree of foreign penetration of the Iranian polity and the avaricious exploitation of economic and commercial concessions resulted in widespread corruption,

incompetence, stagnation and perceived manipulation by foreign powers at the expense of the vast majority of the populace. These were the principal reasons for the Qajars becoming discredited. These also fuelled the modern Iranian nationalist and constitutionalist movement at the turn of the nineteenth century, ultimately resulting in the revolution which brought Reza Shah to power in 1921, and shaped his foreign policy priorities.

Subsequently, as long as Reza Khan's son and successor Mohammed Reza was seen as bringing prosperity to Iran and regaining for Iran some of its lost glory as a regional power to reckon with, he remained largely unchallenged despite his authoritarianism. It was only when the huge reserves of wealth suddenly evaporated with a drastic fall in oil prices in the late seventies that the people of Iran came around to *widely perceiving* Shah Mohammad Reza as having been similarly manipulated, as the Qajars earlier, by excessive influence and rapaciousness of businessmen and policymakers (mainly of the United States) corrupting his administration and squandering the nation's wealth in pursuit of phantom power. This groundswell of resentment ultimately boiled over to fuel the revolution of 1979.

After the Islamic Revolution in 1979, the Western alliance, in general, and the USA, in particular, were perceived to be the principal threat in place of Britain which was the main threat in the nineteenth century. The Soviet Union was still a threat, but the immediacy of that threat had diminished considerably with Mr. Gorbachev's policies of *Glasnost* and *Perestroika*. With the break-up of the Soviet Empire and the emergence of a new dispensation in Central Asia, opening up uncertainties as well as new opportunities in the region, the Central Asian

States now present a welcome buffer zone for Iran, giving it a sense of secure distance and insulation from any expansionist inclinations that the new Russia might harbour.

Regional Compulsions

There are several regional compulsions which shape Iran's foreign policies. First to mention is Iran's long history of conflict and rivalry with Iraq, which presently provides the safe havens for the disgruntled Kurds. The presence of foreign powers, primarily of the United States in the Persian Gulf region, with its naval fleet and bases located in Iran's immediate vicinity creates threat perception in Iran. The destabilization and "Talebanization" of Afghanistan is viewed as being inimical to Iran's security interests. Also the unstable domestic situation in Pakistan, with risks of spilling over into Iran; and the festering India-Pakistan conflict which holds the threat of drawing Iran into its vortex are also viewed with unease in Iran.

To this we may add the Shiite prism through which Iran has traditionally viewed its immediate neighborhood. It is noteworthy that Iran's Shiite population, occupying the core area of Iran, is ringed by a Sunni/non-Persian speaking girdle around it comprising peoples of various origins: Kurds (of Iranian origin) in the west, Azerbaijanis (of Turkish origin) in the north, Arabs (in Khuzestan region in the south), and Baluchis (in parts of Iran) in the east.

Another but major consideration for Iranian policy makers is the sense of being hemmed in by nuclear weapons states in its immediate or near vicinity -- Russia, China, India and Pakistan lately; and Israel in its near (striking) vicinity in the West Asian region.

IRAN'S RELATIONS WITH SOUTH ASIA AND CENTRAL ASIA

Iran and India represent two ancient civilizations, which have interacted with each other historically and culturally since time immemorial. The ancient Persian empire of the Achaemenians, under Darius the Great, exercised sway in the east over India. The Princes from different regions of India are said to have offered tribute regularly at Persepolis. Invaders from Persia have on several occasions swept into India mostly attracted by the latter's vast and legendary riches. The Moghul dynasty of India and the Safavi dynasty of Persia were contemporaneous and interacted closely with each other. As a result, large number of Persian nobles, men of letters, artisans and craftsmen adorned all Moghul Indian courts, as indeed eminent Indian scholars, scientists and men of letters had adorned Persian courts in earlier times. Persian was adopted as the court language in India, first by the Afghan warlords and subsequently by the Moghuls, and remained so until 1837 when the British abolished it.

In the post WW-II era, the Shah of Iran established, early in his reign, good relations with India and Pakistan. Trade and economic cooperation with India was established quite early, with large numbers of Iranian and Indian (and Pakistani) businessmen having established residency status in each other's country. India and Iran also set up a number of collaborative projects in mining and heavy industry in India. The first steel mill and commercial airlines in India were established by entrepreneurs who originally migrated to India from Iran, the house of Tata being the most notable example. Quite a large number of Iranians obtained higher education and technical training in different fields in Indian institutions and universities which can now boast competitive standards

with some of the best Universities/Institutions in the West, as well as medical and engineering universities in Pakistan. Recognizing that it would be more cost effective and politically more desirable to send Iranian students for specialized and advanced technical studies to India rather than to Western countries, Iran formalized in 1994-95 an arrangement with India to provide placements at post-graduate level studies in selected fields for at least one hundred Iranian students every year, financed by the Iranian government. It is noteworthy that in Iran today, in any of its provinces and in most disciplines, one is likely to come across numerous persons who have had their education or specialized training either in India or Pakistan.

Iran's relations with India were prevented from realizing their full potentials until recent times on account of strategic considerations flowing from the Cold War paradigms between East and West, which dominated global relations for the greater part of the latter half of the twentieth century after the Second World War. Pahlavi Iran and the Islamic Republic of Pakistan were both close allies of the West and co-members of the US-sponsored military alliance, the Central Treaty Organization (CENTO), also known as the Baghdad Pact. Iran thus sided more with Pakistan in the latter's confrontational relations with India. Iran was also acutely conscious of the undesirable fallouts it would reap in the event of any destabilization or fragmentation of the Baluchistan province of Pakistan (the Shah at one stage even provided some help to Pakistan to put down rebellion there), and for this reason, strongly advocated the unity of Pakistan. For the same reason, the Shah was against the break-up of Pakistan in 1971, and assisted Pakistan with military supplies (mainly spare parts and ammunition).

With the overthrow of the monarchy by the Islamic Revolution, the new regime in Iran, by virtue of its theocratic agenda and commitment, was bound to feel closer to Islamic Pakistan than to secular (and largely non-Muslim) India in the initial stages. However, it could not ignore the fact that a significant percentage of India's Muslim population, particularly those in UP and in Indian Kashmir, belonged to the Shiite denomination of Islam. It may be recalled that the demolition of the Babri Mosque in Ayyodhya by Hindu fundamentalists had inflamed Muslims sentiments throughout the Muslim world, particularly in the Subcontinent. However, significantly, demonstrations in Iran were very carefully calibrated so as not to damage Iran-India relations. While Iran offered to assist India in re-building the destroyed mosque, President Rafsanjani in an address at Lucknow during his visit to India in 1995, publicly declared that this was an internal matter of India (a position sharply in opposition to Pakistan's).

The present situation in Afghanistan is viewed as more and more pitting Pakistan's interests against Iran's security, in the process drawing Iran closer to India. Additionally, the growing sectarian violence, between Shiite and Sunni groups in Pakistan, was increasingly perceived by Iran from the 1980s onwards as being actively fomented by successive Pakistani establishment, with unwelcome spillover effects into Iran. The continuing political instability in Pakistan, and the fragile domestic situations in the NWFP and, more importantly, in Baluchistan, are viewed with considerable concern in Iran.

Following cessation of hostilities between Iran and Iraq, and particularly after the coming to power of President Rafsanjani, relations between Iran and India started warming and moving forward again, propelled by a recognition on the part of both of mutually converging interests on a number of issues or areas, with ramifications for the overall India-

Pakistan equation in the Sub-continent. The different facets of Iran's relations with this region may be briefly discussed as under.

Energy

India is a growing market for Iran's oil and gas exports. In 1996, India could meet barely 40% of its energy requirements from its own available reserves. India presently is reckoned to be the fastest growing energy market in the world, and projected to become one of the largest importers of gas by 2005. In 1999, India imported 70% of its crude oil and petroleum products at a cost of \$13 billion. Iran, located nearby with its large oil and gas reserves (the latter still virtually untapped and second only to Russia's in size), offers itself as a most attractive source.

Iran and India had signed a MOU in 1993 for construction of a 2500-kilometer gas pipeline from Bandar Abbas to Bombay, and initial feasibility studies have been completed. However, Iran would like to take the pipeline overland through Pakistan, which would earn for the latter a windfall of around \$700 million annually. Further progress on the pipeline has been held hostage to the continuing India-Pakistan conflictual relations, even though Pakistan of late has signaled its readiness to guarantee the security of any such pipeline. During Indian Foreign Minister Jaswant Singh's visit to Iran in May 2000, the two sides decided to set up a joint working group (JWG) to look into all aspects of the proposed pipeline with a view to expediting it, if practicable.

In the meantime, Iran is exporting LNG carried by tankers to India, but this is more expensive. Reflecting the energy crunch being faced by India, one leading Indian industrial conglomerate, Reliance group of India, is reportedly planning

to invest \$3.5 billion in setting up a LNG plant, with a capacity of 7.5 million tonnes per year, in Iran along with the required storage facilities in India. In December 1999, the Indian Oil and Natural Gas Corporation (ONGC) reportedly entered into an agreement with Iran to acquire 35% equity in the offshore Balal oilfield.

Machinery, Equipment and Technology

Total turnover of trade between Iran and India during 1998-99 was Rs. 27.11 billion (around \$589 million). This is still considered pretty low by both sides. A major factor for this was the shortage of hard cash in Iran. India may be considering advancing some soft term supplier's credit to boost Iran's exports to India. For India, Iran is a ready market for India's exports, particularly of machinery and plants for medium and small industries. For Iran, India is a window to the West offering a viable alternative source for medium level and even some advanced technology, which Iran cannot presently acquire from the West. Significantly, almost every Iranian leader visiting India, has made it a point to visit Bangalore, which is not only India's "silicon valley", but also a major centre for its space and rocket technology development, its aeronautical industry and its nuclear research. Iran also is a ready market for absorbing a wide range of consumer items from India, directly or through its free trade zones in Kish Island and Keshm.

Transit Facilities to Central Asia

Iran perceives itself as the natural transit route for oil and gas exports and non-oil trade between Central Asian countries and world markets. Towards this end, agreements have been reached between India, Iran and the Central Asian Republics of Tajikistan, Turkmenistan and Kyrghyzstan to facilitate

India's transit trade with the CARs. India has participated in completion of railway projects that will facilitate such transits within Iran. However, the full potentials of this route are yet to be realized.

Additionally, pipelines for hydrocarbon resources in Turkmenistan, Kazakhstan and Azerbaijan, could also pass through Iran either through direct transportation or through an exchange system within Iran, involving delivery of Caspian oil from Azerbaijan, Kazakhstan and Turkmenistan to refineries in northern Iran, while the same amount of oil is exported from Persian Gulf terminals. For this purpose, Iran is reportedly re-tooling its oil infrastructure to accommodate such swaps. Turkmenistan and Iran had earlier in 2000 agreed to undertake a feasibility study to extend the existing 8 billion cubic meters pipeline from Korpedje to Kurt-Kui, terminating at the Iranian port of Neka and with a carrying capacity of 13 billion cubic meters of gas. Although the pipeline was originally conceived for the transportation of 10 billion cubic meters of Turkmen gas to Turkey over a 20-year period, theoretically such a pipeline could also link up with the proposed Iran-India pipeline at a later stage.

Potentials for Strategic Cooperation in Defense and Political Relations

During the mid-1990s, worried by Russian susceptibility to US pressures to deny Iran spare parts and after-sales service for hardware obtained from Russia/former Soviet Republics, Iran looked upon India as a viable alternative source for the same and as a possible strategic partner in the realm of defense. Several high command level visits were exchanged, *albeit* without any fanfare. A potential for expanding strategic cooperation in defense exists, although neither side talks about this publicly. It remains to be seen how far, if at all, the two sides will further explore this avenue together.

India, being home to the second largest Muslim population in the world (over 145 million, after Indonesia, but somewhat larger than Pakistan's), has also sounded Iran very informally about possibility of its entry into the OIC. Iran, which is the current Chairperson of the OIC, has publicly said that it will not be averse to supporting India's bid, but pointed out that such a matter is subject to a decision by consensus. However, the ploy does serve an effective tactical purpose in the constant game of one-up-manship between India and Pakistan. With India's recent aggressive diplomatic thrust in wooing the Islamic world, particularly Turkey, Saudi Arabia and Indonesia, Pakistan's claims of monopolizing their friendship is somewhat devalued.

Any movement towards closeness between Iran and India is at the expense of Iran's relations with Pakistan. Significantly, Iran favours a peaceful settlement of disputes between India and Pakistan through bilateral negotiations between the two, which undercuts Pakistan's traditional efforts at multilateralizing or internationalizing the Kashmir dispute. Iran does not want a fresh war in the South Asian Sub-continent, and assumed a position of neutrality, which was nevertheless critical of Pakistan, in the last Indo-Pakistan clash at Kargil in 1999. This is a far cry from Iran's role of strategic support for Pakistan in 1965 and 1971.

Pakistan's present Chief Executive, General Musharraf, visited Iran in December 1999, soon after he assumed power, recognizing that there were serious problems and a need to remove irritants in his country's relations with its former CENTO/RCD¹ and now ECO² partner. During this fence-building trip, Iranian leaders Ayatollah Khamenei and

¹ Regional Cooperation for Development

² Economic Cooperation Organization

President Khatami spoke very frankly about their concern at the continuing sectarian violence in Pakistan and its “very bitter ramifications” (Khamenei’s words as quoted in the media). Iran impressed on the Pakistani ruler about the necessity for the establishment of a broad-based representative and multi-ethnic government in Afghanistan, which is in opposition to Pakistan’s support for the Taleban regime. General Musharraf also briefed the Iranian leaders on the domestic compulsions that had necessitated the change of power in Pakistan. It is curious, but noteworthy, therefore that barely a day after what was described by the Pakistanis as a very successful visit, former Iranian President Rafsanjani, who still holds a key position as Chairman of the Expediency Council of Iran, in his Friday prayer sermon castigated Islamabad’s policy on Afghanistan which he described as “improper” and the “source of crimes” in Afghanistan. He was also critical of Islamabad for failing to bring to justice the killers of Iranian nationals in Pakistan³, and compared Pakistan’s democratic record poorly with those of India.

Afghanistan - terrorism and drugs

Both Iran and India have an increasing convergence of views on the Afghanistan situation. Neither of them recognizes the present Taleban regime in Kabul, and both have consistently backed the demand for the establishment of a broad-based, multi-ethnic, multi-cultural government in Kabul. Iran views the Taleban, as it did with the Gulbuddin Hekmatyar faction earlier, as being directly antithetical to its own security interests, resulting in a cooling of relations with Pakistan.

³: This is an allusion to several Iranian diplomats having been assassinated in Pakistan recently. The Pakistan courts have just released those accused of the murders, which will further embitter the Iranians.

Another dimension of the Afghan problem is the perceived export of terrorism from that land. Both India and Iran have applied for membership of the Shanghai Five initiative (now known as the Shanghai forum), which draws Beijing and Moscow along with Kazakhstan, Kyrgyzstan, and Tajikistan onto a common platform on this issue. The Group was set up in 1996, initially with the agenda of resolving border issues between China and the former Soviet Union, but its agenda progressively expanded to include common concern with international terrorism and regional extremism, which could potentially destabilize the region. Kyrgyzstan sources believe that the Afghan Taleban harbor hopes of establishing an "Islamic Caliphate" in the Ferghana Valley and its adjoining areas in Central Asia.

Another major irritant in Iran's relations with Pakistan, and a spillover from the Afghan problem, is the drug smuggling that takes place from across its borders with Pakistan and Afghanistan. During the last ten years, Iran has reportedly lost over 3000 soldiers, revolutionary guards and policemen in encounters and skirmishes with drug smugglers from Afghanistan and Pakistan, with most of the fighting reportedly taking place along Iran's Seistan-Baluchistan borders with Pakistan. Iran has become the major conduit, as well as the main victim, for smuggling of drugs, with 60% of the contraband being moved on to Turkey, the Arab Gulf States and further west, and about 40% landing up in the domestic market, giving rise to increasing drug usage within Iran (said to have about 1.2 million addicts now), and related problems like a rise in AIDS. Iranian security forces are able to interdict only about 200 tonnes every year, an estimated 17% of the total traffic; but this quantity alone accounts for about 85% of the total quantity of contraband drug seized by the rest of the world.

What worries Iran equally is that drug trafficking could just as well be supplemented by gun-running and fomenting of anti-establishment movements inside Iran, through the Afghans' internecine fighting spilling across into Iran. The security dimensions of the problem have induced Iran to turn to Russia for assistance in building the proto-type of an "iron curtain" along the Iran-Afghan border. Iran has recently deployed four regiments of security forces along its eastern borders, primarily against incursions by Afghan bandits. The Iranian *Majlis* allocated Rls. 200 billion for improving security along the 950 kilometers of the country's eastern borders. About 100 kilometers have already been fenced, and another 200 kilometers protected by electronic devices.

IRAN-CHINA RELATIONS

Historically, Iran's relations with China date back to the days of the ancient Silk Road. In the post Islamic era, tablets with Persian inscription in China's mosques date back some 700 years. However, China's 20 million Muslims, half of them concentrated in Xinjiang province in Chinese Turkestan, are largely Sunnis. During the last few centuries, however, interaction between these two ancient civilizations were reduced to a trickle, an inevitable result of great power rivalry reducing China to a helpless client state and isolating it completely from its historical interlocutors in the Asian continent, until almost the middle of the twentieth century, when it was finally able to throw off foreign yoke. Even after China became independent and established the People's Republic in 1949, Iran kept its distance, its policies being guided by its entrenched suspicion and fear of communist expansion and the American prism of its containment.

Iran's relations with China in the post WW-II era dates back only to 1971, when the late Shah of Iran finally agreed to

establish diplomatic relations with communist China after the Sino-Soviet rift. However, not long after, the Islamic Revolution in Iran intervened, threatening to jeopardize the new ties. The outbreak of the Iran-Iraq war in 1980 opened up a new vista of cooperation between the two countries. China's relations with Iran's Arab neighbors were, at best, uneasy with limited trade and even more limited political interaction. Practically all the Arab countries sided with Iraq against Iran. Western support for Iraq, in terms of military supplies and monetary assistance was also considerable. In this situation, Iran turned to China and North Korea for military hardware, including missiles, and found in these countries ready and reliable sources to continue fuelling its war machine. This was the beginning of a strategic partnership forged by the two sides.

China has strongly been opposed to isolating Iran. China's resolutely independent foreign policy makes it a kindred spirit in Iranian perception. It is in this light that President Rafsanjani's call in 1993, for closer Asian cooperation, with Iran, China and India acting as the axes for such cooperation, is to be viewed. China's low-key response to the above (unlike in India where it attracted a lot of positive attention) has not in any way deterred Iran from repeating its call. President Khatami in his address to students and faculty at the Beijing University in June 2000 reiterated that call, declaring that "there was a need for an Asian convergence", for standing up to "Western domination" and the pressures of "globalization". In the meantime, Iran is likely to continue in its efforts to further expand its economic, military and strategic ties with China.

China's willingness to provide nuclear technology (even if limited), some missiles and missile technology, and its status and role as a Permanent Member of the UN Security Council are all important factors in Iran's consideration.

Political Relations – convergence of views

The high importance that Iran attaches to its relations with China is testified to by the fact that Presidents Khamenei (now supreme Religious Leader), Rafsanjani and Khatami, and other senior leaders from Iran have all made official visits to China. Senior Chinese leaders from government and parliament have made reciprocal visits to Iran.

The most recent visit was that of President Khatami to China in June 2000, when he was accompanied by his Foreign Minister, Culture and Islamic Guidance Minister, Minister of Mines and Metals, and Minister of Defense. The composition of the delegation is a fair indicator of the fields of interest on the Iranian side. During his visit, apart from the Joint Communiqué, several agreements were signed — on cooperation in the fields of energy, mining, non-oil exports, promoting investment, and cultural tourism matters. Other areas identified were transportation, telecommunications, science and technology, banking, agriculture and environmental protection.

The two countries share similar views on a number of important issues. The notable ones are outlined below:

- *Afghanistan* – both share the view of the necessity of establishing a broad-based, multi-ethnic government, which would be inclusive of all factions within Afghanistan. Both parties emphasized that there can be no military solution to the problem.
- *Terrorism and drugs* – both sides are concerned by the increase in drug cultivation, processing, trafficking and distribution and have called for international cooperation to curb these. They share similar concern on the danger to regional security posed by spread of terrorism.

- *The Persian Gulf*—China leans towards the Iranian stand that the safeguarding of the Persian Gulf should be the responsibility primarily of the countries of the region. This is in keeping with China's own aversion to internationalizing regional issues.
- *The Human rights platform* – China and Iran have consistently supported each other on the human rights question in international fora. The Joint Communiqué at the end of the Khatami visit while mentioning the importance of respect for human rights links it with respect for the history, culture and religions of each country in developing and defending human rights and fundamental freedoms.
- *The US's plans for National Missile Defense Shield (NMDS)* – Both are vehemently opposed to the NMDS plan, viewing it as eventually disrupting the fragile stability in the world's security system.
- *South Asia* -- China and Iran are against internationalizing the Kashmir dispute, and believe that it should be resolved by the parties concerned directly themselves, through bilateral negotiations. Towards this end, they acted in concert in 1994-95 in pressurizing Pakistan to withdrawing resolutions it had tabled in the United Nations Human Rights Commission in Geneva and in the UN General Assembly in New York, respectively, which were condemnatory of India's alleged human rights abuses in Kashmir. This concerted action by the two countries viewed by Pakistan as its closest friends came as a rude shock to her.

The Muslim factor in China

President Khatami is perhaps the first Muslim leader to have been permitted to visit China's troubled Xinjiang region. This is probably because China does not consider Iran as a

home base for export of radicalism and insurgency to Xinjiang. However, despite the fact that Iran is Shiite, it commands respect among China's Muslim community, whom Iran has diligently cultivated in competition with Saudi Arabia. China may well have hoped that Khatami's visit in his dual capacity as President of Iran and Chairman of the OIC would help instilling calm in the province, which has been plagued by acts of Muslim insurgency (five insurgents were executed less than a week before Khatami's arrival there). Khatami met there among others, Muslim Ulema or leaders, and Members of the Xinjiang Islamic Society which is officially recognized by the Chinese government.

Defense Related Cooperation

Between the years 1980 and 1991, Iran acquired from China at least 540 Main Battle Tanks (MBTs), 300 Armored Personnel Carriers (APCs), 7500 anti-tank guided missiles, 1200 artillery pieces and rocket launchers, 140 fighter aircraft (including F-7), 332 anti-ship missiles, and 778 Surface to Air Missiles (SAMs) [Source: Institute for National Strategic Studies, McNair paper # 36, Feb.'95].

In 1995-96, it acquired 10 *Hudong* class fast patrol boats, each of which can carry 4 C-802 anti-ship cruise missile. Iran is also believed to have acquired from China an advanced naval mine, the rocket-propelled EM-52 also known as "the rising mine", which enhances considerably Iran's mine-laying capabilities in the Persian Gulf. After 1991, China is believed to have continued selling to Iran the more advanced version of the C-802 anti-ship cruise missiles, and may have also helped Iran to develop its own "reverse engineering" technology to be able to produce by themselves these missiles.

For China, its defense sales comprised a major component in its national exports. In its new relations with Iran, they form a solid base for expanding further cooperation between two ancient civilizations re-discovering each other. Following the end of the Iran-Iraq war, the stage was set for further expansion of relations. Some of the missile technology was passed along via the North Korean route to Iran. Iran's Shahab-3 missile, with a range of 1300 kms (over 800 miles) is said to be based on the North Korean No Dong-1; it has been subsequently improved now with Russian technology.

China is believed to have assisted Iran in developing its own "reverse engineering" skills, in order to enable the latter to indigenously develop and manufacture some other defense hardware on their own. As a result of this, Iran now also produces a newer version of the *Zolfaqar* battle tank, lighter and more maneuverable than its previous version and fitted with laser guided aiming system. Also on display recently were the *Zelzal-3* missile, claimed to have been developed entirely indigenously, but details on its range and pay-load capability are not available. For sea warfare, it has developed a surface to sea missile called the *Fajr-Darya*. It has just introduced its own home-built combat helicopter (*Shabaviz 2061*), and a light transport aircraft (which may be used for civil and military purposes). Iran has very recently announced the launching of its first indigenously built mini-submarine, the *Al-Sabehat-15*. This mini submarine can accommodate a crew of two and up to three divers, and is designed for planting mines and carrying out reconnaissance missions. This is a major breakthrough in Iran's determined attempts at indigenizing its defense productions. The mini-submarine would appear to be eminently suitable for use in the shallower waters of the Persian Gulf. Theoretically, this could also pave

the way for Iran to try and develop larger submarines, either for coastal operations or extending the range to blue waters capability.

Nuclear Cooperation

In 1993, China had agreed to provide Iran with four small-capacity nuclear reactors. The US exerted pressure on Iran to scrap the deal. By 1995, two had already been supplied, but the supply of the remaining two ran into problems of payment on the part of Iran, which was unable to pay immediately in hard cash, which China wanted. This enabled China to appear to acquiesce to US pressure not to supply the reactors to Iran. However, in 1997, China announced that while it would not engage in any new nuclear project in Iran, it would complete two ongoing projects, namely a small research reactor and a zirconium production facility that would be used for cladding nuclear fuel.

China had also shown some interest in participating in the Bushehr project, and had reportedly reached a preliminary agreement as well. However, it was announced in December 1999 that the contract had finally been cancelled because China could not undertake the project for technical reasons. Iran has at present five small reactors, one at Tehran and four in Isfahan.

Trade and Economic Relations

China's growing energy demands provided a ready and expanding market for Iranian oil, practically the only mainstay of the battered Iranian economy, even until today. The two-way trade volume in 1999 (Jan-Dec) was about \$1.34 billion, registering an 18% increase over the previous year. However, following the Khatami visit, Iran's trade turnover during the 9

months of 2000 amounts to \$1.4 billion. This would put China among the top three trading partners of Iran. If the trend continues it could well become its foremost trading partner by the end of the year. Oil from Iran is the largest single item, but China also imports pig iron and trucks from Iran and exports to Iran machinery, textile and mechanical and electronic products.

In February 2000, the NIOC awarded a Chinese consortium a \$100 million contract for technical aspects of the 240-mile pipeline from the Caspian area to Iran's northern port of Neka. China has extended to Iran \$1.7 billion in loan during the last eight years. The two countries have collaborated in jointly exploiting coalfields in Iran. Iran obtained from China technology in the power sector, especially for setting up several hydroelectric and thermal power plants in Iran. China has also participated in a number of railway projects in Iran, including construction of the Tehran Metro. During Khatami's visit, China announced an additional \$500 million assistance for the construction of the fourth line (branch) of Tehran's Metro. Chinese companies have participated in the construction in Iran of five cement factories, the Bafq zinc mill, the Bandar Abbas Ferro-alloy mill, and in the Khatounabad copper mill. Iran on its part has offered its participation in Xinjiang's economic development and in the exploitation of its vast hydrocarbon resources.

Tourism and Cultural Exchanges

Iran and China both are encouraging tourism to each other's countries. During 1999, 9000 Iranians visited China while 4500 Chinese visited Iran. These figures would probably include business related visits. Both countries attach considerable importance to promoting cultural and sports diplomacy, to complement traditional diplomatic exchanges. In Iran, the tourism industry enjoys an annual growth of 22%.

Chinese coaches are training Iranian athletes in shooting, badminton, diving and table tennis, while Iran is providing China with coaches in soccer and wrestling.

IRAN'S RELATIONS WITH RUSSIA

Following the disintegration of the Soviet Union and the collapse of its economy, Iran took advantage of the availability of large number of unemployed scientists there to quietly recruit a few. These included scientists/technical personnel in the nuclear technology field, as well as doctors and engineers. At the same time, with the emergence of the independent Central Asian Republics to its north as comfortable buffers between itself and Russia, Iran felt emboldened to explore avenues of engaging Russia in wider-ranging cooperation, including in the nuclear and defense fields.

Contacts between the two countries have increased steadily in recent years, stepping up significantly during the last two years. Invitations have been exchanged between President Putin and President Khatami to visit each other's countries. Although dates have yet to be set, the Iranian President is expected to visit Russia early in the first half of 2001. The two leaders met recently in New York during the occasion of the UN Millennium Summit in September 2000. High-level exchanges have been set in motion in preparation for the Khatami visit to Russia. Iranian Oil Minister Bijan Namdar Zanganeh led his country's delegation to Moscow during October 2000 for the third meeting of the Iran-Russia Joint Economic Commission, and forged agreements on economic, commercial and technological cooperation. The head of Russia's powerful Security Council of the Russian Federation (SCRF), Sergei Ivanov visited Iran, also in October carrying with him the official letter of invitation from President Putin to President Khatami. He discussed with Iranian leaders security

and development related matters. As a result of growing political, economic and defense-related ties, Iran's public posturing on Chechnya, quite unlike its role during the Bosnian crisis, have been remarkably low-key and aimed at avoiding any polemical confrontation with Russia.

President Khatami in a recent statement during the visit of Ivanov, while expressing his belief that Iran and Russia can together play an important role for ensuring the stability and progress of their region, stated his keenness to "unconditionally expand its relations with Russia", and also declared "that the countries in Central Asia and the Caucasus can settle their problems and create a secure and prosperous region by getting closer to each other, making more intensive communication and avoiding the use of force"⁴. Russia has expressed its appreciation of Iran's "constructive and level-headed approach to the events in Chechnya", and committed support to Iran in facing threats of terrorism from the northern Caucasus.

Trade Exchanges

Trade between the two countries has grown steadily, if not dramatically, between 1994 and 1999, with Russian exports to Iran rising from about \$140 million in 1994 to over \$450 million in 1999. Iranian exports to Russia have doubled during this period. Total trade turnover in 1999 was US \$ 648 million, up from \$600 million in 1998 and \$590 million in 1997. Bilateral trade during the first half of 2000 was around \$280 million, but this is still a rather low volume. Iran's major exports to Russia include foodstuffs, dried fruits, dates, minerals and ceramics; while Russia's main exports to Iran

⁴ IRNA reports

include wood, paper, petrochemicals, oil by-products, iron sheet and road-construction machinery.

Nuclear Cooperation

As a signatory to the NPT, Iran vehemently denies any nuclear ambition. To bolster its peaceful credentials, Iran is also an active participant in the UN Disarmament Commission, of which it was elected as Chairman in 2000. However, Iran has consistently asserted its rights to attain nuclear technology for peaceful and developmental purposes. Denied access to such technology by the West, such denial stemming primarily from the sanctions imposed by the United States, Iran turned to China and subsequently to Russia to try and fill the gap.

Russia agreed to complete the unfinished Bushehr nuclear power plant, first started as a US-Iran project in 1974, but halted in 1979 after the Islamic Revolution. Presently, almost 600 Russian technicians are reportedly working in Iran for the purpose. Iran says that the plant will meet 20 % of its requirements in the power sector. The total cost of the project would be around \$3.5 billion. Russia resumed work in 1995, with an initial contract of \$780 million, with a few to finally completing the project. They have reportedly completed 40% of their work to date. The plant is due to be commissioned in 2002.

However, Russia has remained under sustained pressure from the United States on this aspect of its relations with Iran. During the Ivanov visit to Tehran in October, it was revealed that "some difficulties" related to the Bushehr project had to be resolved. In late September 2000, following pressure from the United States, Russia announced that it had frozen a contract to sell laser equipment to Iran, which the United States

believed could be utilized for production of nuclear weapons. Russia asserts that its nuclear assistance to Iran is for peaceful purposes alone.

Defense Exchanges

In a bid to further diversify the sources of its defense related hardware, Iran while continuing its cooperation in the field with China also turned to Russia to upgrade the technological level of the weaponry it sought. This was a logical step only to be expected, since China and India as well are now both major clients of Russia in upgrading some of their own defense capabilities. There are growing indications that Russia is likely to become a major partner of Iran in supply of defense hardware, in return for hard cash. Colonel General Leonid Ivashov, Chief of the department for international military cooperation in the Russian Defense Ministry visited Iran recently to discuss further cooperation with Iran in this field. This was the first time since 1991 that a high-powered Russian delegation was visiting Iran. This visit followed the visit to Moscow in January 2000 of Hasan Rowhani, Secretary of the Iranian Supreme National Security Council, who had meetings with the Russian Deputy Premier Ilya Klebanov, Foreign Minister Igor Ivanov and Defense Minister Igor Sergeyev. The Russian Defense Minister was also expected to visit Iran soon.

Between 1995 and 1997, Iran acquired three *Kilo* class submarines from Russia, which are armed with wake-homing missiles. These are essentially for shallow water deployment in the Persian Gulf. Apart from operational capability, these submarines perhaps serve more as symbolic projections of Iran as a regional power.

Russia, as China and North Korea had done, is believed to play an important role in assisting Iran to develop its own "reverse engineering" capabilities in defense hardware manufacturing. At least 10 Russian companies are said to be involved in assisting the Iranians in various projects. However, Russia categorically denies that it is extending to Iran any help in developing ICBMs.

As in the case of China, Russia's defense exports are an important source of garnering hard currency for which its beleaguered economy is strapped. Iran presently is more comfortably placed than in the recent past, with the rise in oil prices and with more sensible budgetary estimations of oil revenues and outlay domestically.

Oil and Gas sector

Iran purchased \$50 million worth of equipment for the oil and gas industry from Russia during 1999. Another \$200 million worth of equipment for this sector are expected in the foreseeable future. Russia's Gazprom is presently involved in developing block numbers 2 & 3 in the South Pars oil fields with an investment of \$100 million. These fields are likely to go into production in 2001. Gazprom is also likely to be awarded the blocks numbers 4 and 5 in the same region.

Aircraft Production

Iran and Russia have recently discussed possibility of Russian help to develop in Iran a factory for the joint manufacture of the TU-334 jetliners, under an agreement reached during their Joint Economic Commission in October 2000. This aircraft has a range of between 2000-2900 kilometers, and is capable of carrying 102 passengers or 10,000 kilograms of cargo. It is comparable to the Boeing 717 and the Airbus A-318.

Caspian Sea Resources

The Caspian Sea's hydrocarbon resources are considered the world's richest after those of the Persian Gulf region and Siberia, but exploitation is plagued by disputes among the littoral states, namely, Russia, Iran, Azerbaijan, Turkmenistan and Kazakhstan, arising from contending claims over maritime boundaries. However, both Iran and Russia support the plan for the convening of a regional summit to address the question of defining a mutually agreeable resolution of the disputes. Iran declared that the Sea is "important environmentally, geographically and economically for the five littoral states"⁵. Controlling, and limiting, increasing industrial pollution of the Caspian waters in the Russian sector has been the focus of Iranian concern for some time, in which they have engaged the Russians within the ambit of this grouping. Iran and Russia also cooperate with each other on fisheries within the ambit of the Caspian Sea Littoral states grouping. Caviar is an important export for both, and both have an interest in cooperating in better management of this industry, as well as in conserving and boosting propagation of the sturgeon fish resource in the Caspian.

Energy Infrastructure

Iran's Energy Minister, Habibollah Bitaraf, visited Moscow in 2000, when the two sides agreed on joint collaboration in a number of projects including supply of equipment for power generating and high-voltage power lines which could ultimately be connected with the Russian grid to enable Iran to import electricity from Russia. Total outlay was stated to be in the range of \$500 million. Subsequently, during the Zanganeh visit, another memorandum was signed

⁵IRNA reports

providing for the construction of three fuel power plants, two of which were already under construction and the third in the designing stage. Russia is also likely to help Iran with technology to liquidify hydrogen to develop alternative types of energy.

Both countries share similar views on the proposed US favoured Trans-Caucasian pipeline, which serves to undercut their own contemplated project.

IRAN'S DIVERSIFIED FOREIGN RELATIONS: IMPLICATIONS FOR THE UNITED STATES

Iran, India, China and Russia, traditionally, have had fiercely independent foreign policies. All have been, and still are in varying degrees, under considerable pressure from the USA and the West on a number of issues, which they consider of vital interest and of importance to themselves -- human rights, development of nuclear power and technology (nuclear proliferation in Western eyes), space and missile technology, and arms sales. Russia and China have been, and will be, under similar pressure from time to time on issues that involve their relations with Iran. These pressures are very likely to make them gravitate to each other more and more, in a show of solidarity.

All these countries occupy vast landmasses, strategic location, vast natural resources and large (even vast, as in the case of India and China,) populations. Each has large segments of very poor people. Being contiguously located in geography as they are, it makes greater sense for them to weave a network of cooperative relations, and shun confrontation which would only prove to be debilitating by unnecessarily diverting precious resources to defense, and detract them from their main purpose of economic

development⁶. On the other hand, they can offer to share with each other the technology, resources and skill banks now available with each, to each other's benefit without being beholden to the West. In their respective domestic domains, this serves to project their independence to their own domestic audiences, restoring lost pride in their own capabilities and boosting confidence in themselves.

China and India fully back Iran's stand for a Persian Gulf free from foreign military presence (an allusion primarily to US military presence in the region). Russia and India too have tended to have been supportive of such a stand, perhaps less stridently. They are likely to continue to do so, particularly as today's Iran (like the Shah's of yore) displays increasing capability of defending the waters of the Persian Gulf and also endeavors to establish its credentials as a responsible member of the comity of nations, although India as a major littoral power with its own projections may tend to view with some wariness the extent of Iran's potential buildup. The main obstacle to this, again from an Iranian perception, is likely to be the United States' obstructive and hostile attitude towards Iran. It is unlikely, however, that either India (its recent forging of a strategic partnership with the United States, notwithstanding) or China or Russia will entirely share the United States' views. In so far as allegations of Iran's belligerent intentions are concerned, the Iranians point out that their defense outlay has been far less than what some of her immediate neighbors in the region, notably Saudi Arabia and the Gulf states, have spent on defense procurements. In 1998-1999, Iran's military expenditure was only in the range of US\$

⁶ When the late Deng Xiaoping embarked on normalizing relations with the Soviet Union, India and China in the late seventies, a major consideration was that China needed peace with her neighbors as much as stability at home, if she was to modernize and develop economically as a strong nation.

1.3 billion, as compared to \$5.8 billion by Iraq, \$18 billion by Saudi Arabia, \$2.9 billion by Kuwait and \$2 billion by the UAE. In air power, Iran had 316 combat aircraft, compared to 260 in possession of Iraq, 432 in Saudi Arabia, 76 in Kuwait and 99 in the UAE. Even in terms of active manpower, Iran's 429,000 forces are outnumbered by Iraq's 540,000, with Saudi Arabia having 105,000, Kuwait 15,000 and the UAE 65,000, although in terms of division equivalent Iran outnumbers the rest (taking the Revolutionary Guards into account as well).⁷

Iran and Russia both support India's aspirations for permanent membership of the UN Security Council. Although China has not taken a public position on the issue yet, it agrees in principle to a reform of the present membership and, in the course of time, may not oppose, if not directly support, India's aspiration.

All four countries have considerable convergence of interests in the present Afghan conflict. Iran and India were opposed to either Gulbuddin Hekmatyar's forces (Wahhabis backed by Saudi Arabia and Pakistan) or the Taleban forces (also backed by Pakistan, and Saudi Arabia) asserting complete control and domination over Afghanistan. China maintained a more muted posture in criticizing Pakistan openly; but it also openly and consistently called for a broad-based, multi-ethnic and inclusive government. All continue to recognize the Rabbani regime as the established government in Kabul, but Pakistan does not. Iran, India, Russia and Central Asia, therefore, have competing interests with Pakistan in Afghanistan (the first three in Central Asia as well). Ironically, this brings the United States together on the same platform with Iran and these countries. Moreover, as

⁷ *The Military Balance*, 1998/1999, International Institute for Strategic Studies, London (OUP,1999)

Afghanistan progressively falls to Taleban forces to which Iran is opposed, Iran's relations with Pakistan also are likely to come under serious strains, and the two countries could even, theoretically, enter into confrontation in Baluchistan.

While Russia has traditionally sided with India on the Kashmir issue, Iran and China have both been exerting quiet pressure on Pakistan to mend fences with India and to replace confrontation with cooperation. Both countries are anxious that there should not be a fresh conflict between India and Pakistan over Kashmir. China has, significantly, muted its previous public criticism of India's treatment of the Muslims of Kashmir (as mentioned earlier, China and Iran pressurized Pakistan to withdraw anti-India resolutions in 1994-95). Iran has been performing a balancing act on the question-- while urging India to have a dialogue with "all concerned parties", it has not made any public declaration which militate against India's position on the Kashmir issue. Iran has also several times offered to act as mediator between India and Pakistan. Following President Clinton's visit to the Subcontinent early 2000 neutralizing, if not totally reversing, its previous tilt towards Pakistan, there is a convergence of views between all five countries on the India-Pakistan dispute. This again serves to bolster more India's position at the expense of Pakistan's, although all these countries have also been quietly urging India to defuse the situation within Kashmir through instituting a political dialogue through an inclusionary process.

Similarly, China and Iran, as indeed Russia as well, all wanted Bangladesh to resolve its disputes with India through bilateral negotiations. Iran had offered to mediate between India and Bangladesh on their water-sharing dispute. All welcomed the resolution of that dispute and some of the other outstanding problems between these two neighbours in South Asia.

Iran, China, Russia and even India have expressed their opposition to the United States' NMDS plan. This dovetails with their opposition to a uni-polar world. This has the potential for further expanding into strategic cooperation. However, while all of them (including Iran, at least subliminally) want to develop strong ties with the US and the West in economic and technological exchanges, this will be on a parallel track and not necessarily at the expense of their ongoing ties with each other. The application by the US and the West of a zero-sum yardstick to these nation's determining relations between themselves is likely to be increasingly self-defeating.

Iran and Pakistan have held joint defense exercises in the Persian Gulf. Similar exercises are planned between India and Iran. China and India are exchanging port visits by their naval ships, while Russia and India have traditionally had such exchanges. These serve a symbolic purpose of regional littoral states upholding the right to safeguard their own sea routes and waters.

CONCLUDING OBSERVATIONS

Although the proposal of Iran for Greater Asian Cooperation or Convergence is perhaps a non-starter in the formal sense, particularly since China believes that the age of alliances are over, the criss-crossing of ties between these four powers and the Central Asian states is bound to grow progressively and steadily, if not always dramatically. Ironically, the more Western pressure they come under, the more they are likely to be drawn together to act in tandem, if not in consonance, on matters that they consider of importance to the furtherance of their own national interests.

Iran and these Asian countries (including Russia) question, with varying degrees of vehemence, the United States assuming for itself the prerogative to declare any nation as a "rogue state" and question the credibility of a state thus branded as a responsible nation. Viewed from these nations' perspectives, this is tantamount to denying them the right to develop themselves and their capabilities from their own unique perspectives. Despite some recent signals from both Iran and the United States of a very tentative thaw in relations, for both sides the insurmountable problem appears to be breaking free from the mould of inflexible positions established by their past rhetoric. Therefore, there appear to be very limited possibilities of any imminent breakthrough of the impasse. However, despite the political hurdles, on the ground there appear to be growing evidence of US business concerns going around the present regime of sanctions by engaging indirectly with their Iranian counterparts via US subsidiaries/partners abroad. Conoco, one of the largest US oil companies, has reportedly indirectly collaborated with Iran in developing the Azadegan field, one of the world's largest oilfields in Iran, through its non-US partners. The Iranian police uses Motorola equipment manufactured by the US company's subsidiary in China, while the Iranian consumer market is often to be found flooded with US made electrical goods, mostly being re-exported via Dubai.

This process itself may help in building useful bridges and finally in dismantling the barriers designed to keep Iran isolated, but which have proved to be not totally successful in their end-goals. Nevertheless, even if Iran's relations with the United States do become normalized in the foreseeable future, this will not mean any jettisoning of the close partnerships which Iran has painstakingly forged, or is in the process of forging, with India, China and Russia. Rather, each of the

strands between these important countries is likely to continue being strengthened, in bilateral configurations, along parallel tracks, strengthening multi-polarity in the global context, which they all favor. In the end, this may even result in a more peaceful world for everyone, enabling all to devote more energy, and resources, to economic and societal development.