
Iran's Foreign Policy After 11 September

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Since the inception of the Islamic Republic in 1979, Iranian foreign policy has extend from of two concurrent sources, namely, a perpetually turbulent regional environment, and the exigencies of a faction-ridden republican, theocratic polity with its own unique system of checks and balances and complex decision-making.¹ Iran's leaders are no strangers to foreign shocks. After all, their system has evolved through two Gulf wars, the seismic effects of the Soviet Union's collapse, diplomatic alienation, and the United States subjecting it to the strains of comprehensive sanctions. Nevertheless, they were unprepared for the massive changes—indeed a revolution—in the security environment around Iran wrought almost overnight in the aftermath of the 11 September atrocities. A whole new geopolitical trajectory has been foisted in the two main theaters of Iranian foreign policy: the Persian Gulf and the Central Asia and Caucasus region—warranting a new appraisal of Iran's foreign policy and priorities. In the ensuing debate within Iranian foreign policy circles, a central question has been whether or not the new regional milieu should be considered a national security plus or minus.

For now, at least, the upper hand in this debate belongs to those who caution that while the Taliban regime's demise eliminated one threat, the huge influx of American power in Iran's vicinity introduces another. The Taliban regime, considered a clear and present danger to Iran and its Central Asian neighbors, has been replaced with an American client state that constitutes a

larger realignment affecting Central Asia and the Caspian basin to the detriment of Iran's long term interests. Undoubtedly, the Iranian "new insecurity" argument is fueled by the Bush Administration's anti-Iran policy under the rubric of the "axis of evil," which surfaced in tandem with Washington's open-ended post-11 September war on international terrorism. Also, the argument is based on a cynical appraisal of the Russian Federation's policies. Russia's gradual warming to NATO, its junior partnership with the United States in the latter's unipolar moment, and further demonstrations of its hegemonic tendency in the Caspian region and Transcaucasia, are all sources of worry. Immediately following a failed summit in the Turkmen capital of Ashgabat to resolve the thorny issue of how to divide the Caspian Sea, Russia announced a naval maneuver in the Caspian Sea. This act is often cited as an empirical support for the "insecurity"

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argument and its parallel arguments that the negative environment of the "axis of evil" undermines Iran's summit diplomacy, and that the Russian aggressive behavior only suggests the scope of Iran's isolation and Moscow's willingness

to take advantage of the situation.² However, there is no consensus on Russia and, in fact, others in Iran argue that the post-11 September developments have shown the limits of U.S.-Russian cooperation. This is seen as a good omen for Iran, whose leaders are vesting their hopes on Russia's ability to counterbalance intrusive U.S. power. Thus, the same military maneuver in August 2002, which was diligently sold by Moscow to Iran in terms of its firm opposition to the presence of "out of area" powers in the region, has been interpreted positively, as a welcome development with respect to Iran's geopolitical interests and considerations, (e.g. fear of a vacuum of Russian power).

While the above debate rages on in the light of the fluid post-11 September regional realities, what is certain is that the Iranian government has initiated a number of foreign policy adjustments aimed at enhancing national security and optimizing its gains from solidarities and alliances. These include adopting a new flexible approach toward the United States; forging closer ties to Russia; deepening the Khatami-led cooperative *détente* with Europe; improving Iran's role and image in the international community and international organizations; fostering better relations with the Arab world—particularly in the Persian Gulf; stabilizing relations with Turkey, Pakistan, and Iraq; enhancing regional cooperation; exploring new security arrangements; and, simultaneously, upgrading its military preparedness. On the whole, these changes do not signal a break or discontinuity with the past; they are only a re-packaging

and/or re-ordering of Iran's foreign priorities given the dictates of certain national security interests.

Bedeviled by a quarter-century old diplomatic quagmire with the United States, Iran's foreign policy establishment has had to take into consideration the potential costs and benefits of a U.S.-Iraq war with respect to the integrity of its southern borders and the consequences (unintended or otherwise) of Iran's complete encirclement by a pro-U.S. security belt comprised of Kuwait, Turkey, Afghanistan, Azerbaijan, Uzbekistan, and Iraq. To avoid this "nightmare scenario," Iran has engaged in an active "preventive diplomacy," also called "active neutrality," in the hopes of achieving a peaceful disarmament of Iraq, commensurate with its prevailing image, power, and prestige as a regional power. In essence, this has meant a greater status quo role for the Islamic Republic, contrary to its negative labeling as a "rogue" state by Washington policymakers.

Iran's New Conflict-Management Role

Since the early and mid-1990s, Iran has been actively involved in crisis management of both inter-state as well as intra-state conflicts beyond its borders. For example, Iran played an effective mediating role in the civil war in Tajikistan, beginning with a cease-fire agreement signed by the Tajik warring factions in Tehran in 1994. In August 1995, Iran played host to a successful peace summit attended by Tajikistan's president, Imamoli Rahmanov, and Abdollah Nouri, the leader of Tajikistan's Islamic Movement, whereby both sides agreed to extend the cease fire and form a joint deliberative council to narrow their differences. Seeking to act as a reliable and honest broker, Iran maintained amicable relations with the opposing sides and never supported the Tajik Islamists' aspiration to create an Islamic state, even though it hosted the Tajik opposition leaders from 1993 to 1998. Coordinating policy with Moscow, in 1997 Iran took part in preparing the General Agreement on the Establishment of Peace and National Accord and Protocol on Mutual Understanding, which was signed by the President of Tajikistan and the leader of the United Tajik Opposition. Since then, Iran has hosted the second, sixth, and the eighth rounds of the peace negotiations, one consultative conference, and two meetings between Rahmanov and Nouri.²

Another example is the on-going Nagorno-Karabakh conflict between Azerbaijan and Armenia where Iranian diplomats have brokered several short-term cease-fire agreements since 1994. While tilting toward Armenia, Iran has been wary of any undue defeat of Azerbaijan; Tehran's warning and the dispatch of troops to the borders between Iran and Azerbaijan played a role in halting the advance of Armenian troops into Azeri districts such as Zangalan, Fizoli, and Gerbrail after the Armenians had occupied Nagorno-Karabakh. Fol-

lowing the negotiations convened in Florida under the sponsorship of the “Minsk Group” of the Organization for Security and Cooperation in Europe (OSCE) in April 2001, the French head of Minsk Group visited Tehran and invited Iran to take part in the negotiations because “the role of Iran in preserving security and stability in the Caucasus region is clear.”³ According to Carey Cavanaugh, the U.S. mediator in the Karabakh negotiations, Iran was regularly briefed on the peace process “to make clear to the Iranians that nothing in this peace process would infringe on their interests or be aimed against them.”⁴ Iran’s security interest in these negotiations is clear; Armenia’s border with Iran has more than doubled as a result of its military conquests of Azerbaijan’s territories and, in light of Tehran’s disputes with Azerbaijan over the division of Caspian Sea and the related concern over the Azerbaijan-Turkey-Israel nexus in the Caspian region, Iran’s desire for a return to the status quo ante in the Caucasus is less than clear.

The Organization of the Islamic Conference (OIC) has served Iran’s conflict-management role. In the late 1990s President Khatami used his (rotating) chairmanship of the OIC to involve it in the Chechen conflict, resulting in the OIC fact-finding missions to the region, which was a prelude for more substantive involvements by the OIC in the near future.⁵ Immediately after 11 September, Iran called for an emergency meeting of the OIC, which adopted a stern position against global terrorism. Iran’s spiritual leader, Ayatollah Khamenei, sent a message exhorting the world’s Muslims to engage in a holy crusade, jihad, against terrorism. The advantage of the OIC for Iran is that while in conformity with the Iranian foreign policy ethos of pan-Islamic solidarity, the OIC provides a convenient multilateral channeling of Iran’s stabilizing role in the region.

The salience of Iran’s peace efforts in its foreign policy has been vividly demonstrated in Afghanistan since the U.S.-led strike on Afghanistan in late 2001. Prior to this, Iran’s attempt to convince the outside world to stop the radical Sunni Taliban government—considered a serious national security threat to Iran and its Central Asian neighbors—had fallen on deaf ears.⁶ Iran’s relations with Pakistan had soured due to disagreements over the Taliban, prompting Iran to build a closer relationship with India, Pakistan’s traditional enemy. This, in turn, veered Pakistan in Iran’s direction, partly through the “6 + 2 Group” talks on drug trafficking at the United Nations, which included Russia, the United States, and Afghanistan’s six neighboring states. Thus, the U.S.-Iran discussions on Afghanistan had already commenced before the 11 September atrocities, which overnight convinced the United States to share the Iranian perception of the Taliban menace.

As is well-known, Iran offered to rescue the American servicemen stranded near its borders in Afghanistan, reinforced the control of its vast bor-

ders with that country, and promised to apprehend Al-Qaeda fighters fleeing through its borders, and subsequently handed over scores of Al-Qaeda to the countries of their origins. What is less known, however, is the constructive role that Iran played at the Bonn meeting of the Afghan's exiled leadership that led to the current post-Taliban regime in Kabul, as well as the opposition Northern Alliance's bloodless takeover of Kabul. Concerning the former, Iran's observer at the Bonn summit, Mohammad Javad Zarif, was directly asked by U.S. mediators to intervene when the talks stalled at one point. In the words of Zarif, "We allowed General Fahim [of the Northern Alliance] to bring only one division inside Kabul, and proved all of Pakistan's fear of a bloodbath to be baseless."⁷

Despite its misgivings about the U.S. role in Afghanistan, Tehran has maintained cordial relations with the Karzai government. Khatami's trip to Kabul in the summer 2002 culminated in—among other things—a new agreement on the sticky issue of the Hirmand River's flow, which was previously blocked by the Taliban, wreaking havoc on the drought-plagued provinces adjacent to Afghanistan. Still, the water crisis between Iran and Afghanistan is far from over given the more recent news that Kabul has stopped the river's flow into Iranian territory after allowing it briefly, leading the Iranian press to complain of U.S. manipulation of the situation to exert pressure on Iran to support U.S. plans on Iraq, according to an editorial in *Iran Daily*.⁸ Henceforth, in light of the limited influence of the Karzai regime outside Kabul and Iran's considerable rapport with certain local Afghan leaders, such as in Herat, a prolonged impasse on the Hirmand may translate into a more intrusive Iranian policy toward Afghanistan in order to force a *quid pro quo* in the future. As Iran's hydraulic insecurity vis-à-vis Afghanistan increases, Iran's defensive strategy may dictate a more offensive foreign policy, following the insight from the "security dilemma" literature that "as insecurity increases, expansion becomes more attractive."⁹

Simultaneously, at least from within Iran's prism, the alternative of expanding regional economic cooperation to security cooperation has also become attractive as of late. Iran's new policy toward the Economic Cooperation Organization (ECO) spelled out by President Khatami at the October 2002 ECO summit in Turkey emphasizes ECO's need to address the security issues.¹⁰ At this summit, the issue of an ECO fund for the reconstruction of Afghanistan (one of ten ECO members) was effectively raised, as were the issues of terrorism and arms and drug trafficking in the ECO region.

Iran's ECO policy is hampered, however, by a combination of factors including a commitment by the member states and the Iran-Turkey "mixed motives" game of simultaneous cooperation and competition. In pushing the cooperative side of their relations, the ECO is—and will likely remain—vital to Iran-Turkey relations, in light of both countries' need to stabilize their borders, to counter Kurdish irredentism, and to maintain and/or expand their bilat-

eral agreements such as the multibillion dollar gas deal which was resurrected in fall 2002 after a temporary shutdown by the Turkish government insisting on a more generous discount on the price of Iranian gas pipelined to Turkey and Europe.¹¹ The timing coincidence of this breakthrough with the launching of the construction of Baku-Tblisi-Ceyhan pipeline is, simultaneously, indicative of Turkey's determination to appease Iran, which—like Russia—remains at odds with Turkey and the United States over the issue of so-called “pipeline geo-politics.” This brings us to the issue of relations between Iran and Russia, who share a common antipathy to the aforementioned east-west pipeline and—on a broader level—to the geostrategic seismic shifts wrought by the unprecedented presence of U.S. power in the aftermath of 11 September.

Iran-Russia Strategic Partnership After 11 September

The events of 11 September may have heralded a new U.S.-Russia partnership in the struggle against international terrorism but, by the same token and almost as a direct result, the latter has implicated Russia in a closer strategic partnership with Iran. This partnership has grown partly because Putin's Russia has grown dissatisfied with the pace of its inclusion in the NATO despite the new “NATO-Russia Council,” and like Iran, Russia has been alarmed by the realignments in Central Asia and Transcaucasia favorable to the United States. Hence, in spite of some friction with Moscow over the issue of the Caspian Sea's ownership, Tehran has welcomed what it perceives as the “return of geo-politics” in the mental map of Kremlin leadership, which sent a “yellow light” signal to Washington with—among other things—the aforementioned Caspian naval exercise. This explains why Iran chose to set aside its apprehensions over the militarization of the Caspian Sea by sending an observer to the maneuver, which featured token participation by Azerbaijan and Kazakhstan and was denounced by the Caspian's other littoral state, Turkmenistan, as a sign of Russia's new imperialism.

From Iran's vantage point, however, the pros of Russia's new, and bolder, military-security stance in the Caspian region after 11 September outweigh the potential cons in the light of perceived Iran-Russia mutual interest to contain the U.S. power. The “open-ended” U.S. commitment to remain in the region and the various complexities of U.S.-Russian relations have prompted the Iranian strategists to wonder about both the perdurability of good will between Iran and Russia and the latter's ability to withstand U.S. pressure to scale down or even reverse its ties with Iran. Their cushion of comfort, against a Russian “sellout of Iran,” however, is based on their calculation with respect to, on the one hand, Russia's own fear of undue U.S. influence on its traditional turf requiring the Iran card and, on the other, the role of interlocking economic, en-

ergy, and military relations with Russia. This includes Russian sale of (peaceful) nuclear technology and conventional arms to Iran (up to five billion dollars by 2005), as well as joint ventures in the energy and transportation fields. Iran has recently invited the Russian oil companies to participate in operations on the giant South Pars gas field shared with Qatar. This is part of a more comprehensive, long-term energy cooperation likely to include Russia's involvement in the energy sector of Iran in the South Caspian.¹²

In addition, the North-South Corridor, aimed to connect Russian and Indian ports via Iran, is another major project that, if implemented as planned, would qualitatively deepen the ties of interdependencies between the two countries. Iran, which is the depository country for this transportation corridor, has already received Russia's initial payment, and several other countries including Azerbaijan and Armenia have officially expressed interest in joining the project. The Corridor requires the construction of new roads and railroad links, which depend in turn on Iran's financial standing, which is perpetually linked to the ups and downs of oil prices, given the government's reliance on oil revenues for more than eighty percent of its annual budget. Without support from the international financial institutions, the North-South Corridor is unlikely to materialize as planned, and support seems unlikely as long as the United States remains committed to economic sanctions and Iran's isolation, just as the Iranian government has squarely blamed the United States for stonewalling its bid to join the World Trade Organization (WTO). The U.S. gatekeepers of the WTO are unlikely to change their stance on Iran or be swayed by any tactical flexibility from Tehran deemed to be geared toward its fixed strategic interests. But if U.S. pressure on Russia is the external factor limiting the scope of the Iran-Russia alliance, a related reason is the seemingly intractable dispute over the Caspian Sea's legal regime.

Iran's Backwinding in the Race for the Caspian Sea

Unlike Russia, which has joined Kazakhstan and Azerbaijan in carving up the Caspian Sea, Iran has remained steadfast on the idea of shared sovereignty (i.e., the condominium approach) and the twin notion that it is entitled to twenty percent of the Sea's surface water and seabed resources, should all parties agree that a new legal regime based on the complete division of the sea is called for. After a full decade of negotiation, Iran does not appear to be any closer to inking a comprehensive agreement with the other four Caspian littoral states than when these negotiations commenced for the first time in Tehran in October 1992. This is not to jump to the conclusion—as has been the case in both the Iranian and foreign press—that Iran's Caspian diplomacy has been a failure. The term “backwinding”—a sailing term that describes how a boat trailing in

the race eventually wins by exploiting the sailing wind and current generated by the leading boat—is an apt analogy for Iran facing bilateral agreements on Caspian. The negotiations are ongoing, and there are signs that Iran has begun backwinding due in part to the new dynamism generated by the bilateral agreements aforementioned. All these agreements—including the Russia-Azerbaijan agreement signed in September 2002—invariably raise the necessity of a multi-lateral consensus on the Caspian Sea’s legal status, which is nowadays pending on the consent of Iran and Turkmenistan, the dissenting parties. The current impasse on the issue has by all accounts adversely affected foreign investment in the Caspian Sea’s energy projects much to the chagrin of other littoral states that rely heavily on their Caspian-generated wealth, unlike Iran, which is focused on its energy resources in the Persian Gulf region.

It its effort to overcome this impasse, Iran has adjusted its negotiation stance along the following lines:

- Iran no longer insists on the idea of equal shares for all states and simply demands a twenty percent share based on the principle of equity harking back to the 1921 and 1940 Iran-Soviet Union Agreements denoting shared custody of the Sea;
- Iran has shrunk from its previous tough stance toward Baku and has embarked on a new era of “complementarity of interests” between Iran and Azerbaijan that includes closed-door negotiations for “shared ownership” of the disputed Alborz oil field;
- Iran has participated in the preparation of a convention on the environmental protection of the Caspian Sea, which has a “polluter pays” stipulation and calls for resurrection of the dormant Caspian Sea Council;
- Iran and Russia have co-authored a similar multilateral convention on the living resources of the Caspian Sea, also called a fishery agreement, which, if adopted, would represent a mini-breakthrough in the stalemated negotiations.

While edged out of the major pipeline race for the foreseeable future, Iran continues to build its own “micro-pipelines” such as the Neka-Rey Pipeline built to facilitate oil swaps with the Caspian states. Most notable among the prospective trade partners is Kazakhstan, which is currently engaged in oil swaps with Iran. Kazakhstan President Nursultan Nazarbayev, has expressly favored a North-South pipeline to the Persian Gulf through Iran.¹³ Under the swaps agreement, Iran takes crude oil from the Caspian producers through the port of Neka in exchange for Iran’s Persian Gulf crude oil, which is easily exported to other markets. Both Iran and Kazakhstan have given serious consideration to the possible construction of a Kazakh-Iranian pipeline through Turkmenistan. Iran

has also proposed to Azerbaijan to adapt the Iran-USSR gas pipeline, which has been idle for over ten years, as an oil pipeline.¹⁴ Discussions are also under way for an Iran-Armenia pipeline. Another related Iranian activity worth mentioning is a \$226 million contract with a consortium involving Sweden's GVA consultants, Iran's Sadra, and the National Iranian Oil Company, for the construction of an oil rig on a possible submersible platform at a depth of 1,000 meters in the Caspian Sea.¹⁵ On the whole, Iran has lately added serious economic muscle to its diplomatic transactions in the Caspian region. Over time, the greater the scope of Iran's economic involvement with its neighbors, the greater the chance that it will enter into a (collective) security arrangement with them.


The Security Options

For the moment, Iran is not a member of any regional security arrangement, yet there are signs this may change sooner rather than later. Since 1996, Iran and Saudi Arabia have engaged in a low-security bilateral agreement, invoking the "twin pillar" image of the pre-revolutionary years, and it is not far-fetched to think that Iran could gain observer status at the Gulf Cooperation Council (GCC) as it did briefly after the Kuwait crisis in 1990. Back then the dispute with the UAE over three islands—Abu Musa, Little Tunb and Big Tunb—in which the GCC backed the UAE, drove an unfortunate wedge between Iran and the GCC. It was especially unfortunate given the fact that in spite of comparable disputes among the GCC states, they have not split the organization. Any Iran-GCC partnership, however, must await the improvement of Iran's re-

lations with the United States, which maps the security architecture in the Persian Gulf. In the absence of any immediate prospect for such a development, Iranians have focused their attention elsewhere for alternative security arrangements, including the Shanghai Cooperation Organization (SCO), which was founded by Russia, China, Kazakhstan, Kyrgyzstan, and Turkmenistan, initially as "Shanghai-G Five" in 1996 to solve border disputes. Since its Shanghai meeting in 2001, the group has expanded membership and purview by including Uzbekistan and by exploring its potential as a security umbrella. While the SCO has turned down Pakistan's bid to join, the first rumblings of its consideration of India and Iran to join is already ringing in policy circles in Iran.¹⁶ One advantage of Iran's membership is that it could compensate for the recent lapses in Iran-China relations, which have yet to fully recover from the setback caused by

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China's decision in mid-1990s to scrap a technology sale to Iran under U.S. pressure. The United States' recent decision to impose sanctions on several Chinese companies for violating the U.S. sanctions on Iran was perhaps geared to forestall any resumption of full-scale Iran-China arms and non-arms connections. At any rate, Iran's recent cozying to Russia may prove sufficient reason for China to lure Iran to the SCO in order to balance Iran's regional tilts. Russia, on the other hand, prefers to defer the issue of Iran's inclusion given its own seeming policy review on the importance and future potential of SCO, not to mention Moscow's concern that Iran's inclusion may give the SCO a disproportionately anti-American image.

Consequently, there does not appear to be any immediate prospect for Iran's participation in any multilateral security arrangement, save a mostly symbolic observer status at SCO and GCC. As part of its "constructive dialogue" with the European Union, Iran may at some point engage in security dialogue with the OSCE on such issues as collective security or environmental security in the Caspian Sea. For this to happen, however, significant confidence building between Iran and the EU is called for. President Khatami's "charm diplomacy" in various European capitals since 1997—including Madrid in October 2002, where a series of energy, tourist, and investment agreements were signed—has definitely broken the ice with the EU. However, thick parcels of it remain afloat in light of continued U.S.-Iran hostility, Iran's pro-Palestinian stance, and its support for Shiite groups in Lebanon. Still, with the EU as Iran's main trading partner (80 percent of imports are from EU countries), Tehran has every reason to expect the EU will continue to ignore Washington's policy of isolating Iran, as it has since the mid-1990s. The fact that the Bush Administration conflated its war on terrorism with a cold war on "axis of evil" countries—especially after Iran much cooperated in the war against the Taliban—has not escaped the EU leaders' attention either. These, together with Khatami's "dialogue of civilizations" have moved Iran and the EU closer, just as Iran and the United States have drifted apart, perhaps more than ever since the hostage crisis of 1979-1980.¹⁷ 

Notes

For background information on Iran's foreign policy see, Abbas Maleki, "Decision-Making In Iran's Foreign Policy: A Heuristic Approach," available on the internet: <http://www.caspianstudies.com/article/Decision%20Making%20in%20Iran-FinalDraft.pdf>

1. Nabi Sonboli, "Iran and the Post-9/11 Security Environment of Central Asia" *Central Asia and the Caucasus Review* (in Farsi), No. 37 (Spring 2002): 103-119.

2. Abdullaev Kamoludin and Catherine Barnes, *Politics of Compromise: The Tajikistan Peace Process* (London: Conciliation Resources, 2001): 71 and 92. Also, Adam Tarock, "Iran's Policy in Central Asia," *Central Asia Survey*, Vol. 16, No. 2 (1997): 185-200.

3. *Tebzan Times*, April 26, 2001: 1. Also, *Negotiations on Nagorno-Karabakh: Where do we go from here?* (Cambridge: Caspian Studies Program at Harvard University, 2001): 18.

4. Reuters, 4 May 2001. The OSCE's presence in the Caspian region notwithstanding, it is a candidate for dialogue with Iran on such issues as environmental security and collective security in the Caspian basin.

5. Kaveh L. Afrasiabi, "President Khatami and the OIC Mediation in Chechnya: Policy Options," *Iranian Journal of International Affairs*, Vol. 11, No. 4 (Winter 1999-2000).

6. Elaine Sciolino said, "For the past two years, Iran has been trying to convince the rest of the world—with little success—to mount a vigorous mediation effort to stop the Taliban," in the *New York Times*, 20 September 1998: 3.

7. This information is intimated by Mr. Zarif, the then Deputy Foreign Minister on International Affairs and currently Iran's Envoy to the UN, February 2002. For more on Iran's policy on Afghanistan after September 11, see Afrasiabi, "Iranian Diplomacy," *Middle East Insight*, Vol. 27, No. 1 (January-February 2002): 15-17.

8. Editorial, *Iran Daily*, 9 November 2002.

9. See Charles Glaser, "The Political Consequences of Military Strategy: Expanding and Refining The Spiral and Deterrence Models," *World Politics*, Vol. 44, No. 1 (July 1992): 514-518. Also, Robert Jervis, "Cooperation Under the Security Dilemma," in Richard K. Betts, ed., *Conflict After the Cold War* (New York: McMillan, 1994): 315. This point bypasses the authors of the book, *Iran's Security Policy in the Post-revolutionary Era* (Rand Corporation, 2001), i.e., Daniel L. Byman, Shahram Chubin, Anoushiravan Ehteshami, Jerrold Green.

10. For more on the ECO, see Kaveh L. Afrasiabi and Yadollah Pour Djalali, "The Economic Cooperation Organization and Regionalization in a Competitive Context," *Mediterranean Quarterly* (Fall 2001).

11. While the details of Iran's concessions to Turkey on the gas pipeline remain confidential, authoritative sources in the Iranian Oil Ministry have informally hinted at substantial discounts by Iran, justified in terms of the agreement's geopolitical significance in creating interdependency between the two countries.

12. *Abrar Eghtesadi*, 19 October 2002.

13. "Once the Neka-Rey Project is completed, Iran can transport up to 315,000 bpd of Caspian oil to its mainland refineries. This could be increased to over 425,000 bpd for the existing pipeline between Neka and Tehran is expanded and used for this purpose." Narsi Ghorban, "Neka-Rey Pipeline: Boosting Economic Integration of Caspian States," *Iran Today* (Monthly Economic Magazine) (in Farsi) (May-June 1998): 20-21.

14. Interfax, 10 April 2002.

15. Associated Press, 3 September 2001.

16. See Hamid Reza Anvari, "A Look at the Shanghai Cooperation Organization" *Central Asia and the Caucasus Review*, No. 34 (Summer 2001): 80.

17. Our analysis questions the faulty assumption of Fred Halliday that the U.S. sanctions on Iran has cast a long shadow particularly with the EU. See Fred Halliday, "Iran and the Middle East: Foreign and Domestic Change," *Middle East Report*, No. 220 (Fall 2001): 42-47. Daniel Blumberg, on the other hand, fails to see that whatever the faults of "axis of evil" approach, it has the advantage of prioritizing the Iran policy, which was given at best occasional attention by the Clinton Administration. The only question, however, is how to telescope the "axis of evil" to détente?