

IRAN AND THE SOUTHERN CAUCASUS

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The death of the Soviet Union and disbandment of the Warsaw Treaty Organization put an end to the bipolar world. In the new geopolitical conditions the United States remained the only superpower. Under the pressure of the changed circumstances, the Islamic Republic of Iran (IRI) had to readjust its foreign policy conceptions and foreign policy practice. The foreign policy dictum—Neither East nor West—Only Islam—lost its urgency. Traditionally Iran was balancing between two rivals—Russia and Britain in the 19th century and the U.S. and the U.S.S.R. in the mid-20th century. The new world order deprived the foreign policy tradition of any meaning.¹

The new reality affected another basic foreign policy principle—export of the Islamic revolution to other countries. Today, Iran is satisfied with promoting Islamic culture throughout the world.

In the new conditions, Iran is more concerned with its own security and territorial integrity achieved through maintaining good-neighborly relations with the South Caucasian countries.²

The geopolitical importance of the Southern Caucasus for Iran can hardly be overestimated: it is a major communication center where the Christian and Muslim civilizations meet at the strategic crossroads that tie together Europe and Asia, a fuel and energy center on the Caspian shores.

In ancient times and during the Middle Ages, bits and pieces of what today is the Caucasus were part of Iran. Turkey and Iran spent the 16th, 17th, and 18th centuries fighting for domination in the Caucasus. It was the Russian Empire that squeezed Iran from the region: the Gulistan (1813)³ and Turkmanchai (1828)⁴ treaties between Russia and Persia turned out to be of historic importance. They divided the Azeri nation between Russia (which acquired Northern Azerbaijan) and Persia (Iran), which acquired Southern Azerbaijan. The Azeris who ruled Iran (the Turkic dynasties remained in power from the 11th century to 1925) and the Persians consider Iran to be their country.

¹ See: F. Nahavandi, "Russia, Iran and Azerbaijan. The Historic Origins of Iranian Foreign Policy," in: *Contested Borders in the Caucasus*, VUB University Press, 1996, available at [<http://poli.vub.ac.be/publi/ContBorders/eng/ch0601.htm>], 2 November, 2007.

² See: L.M. Kulagina, "Osnovnye napravleniya vneshney politiki IRI na sovremennom etape," in: *Blizhniy Vostok i sovremennost*, IIIiBV, Moscow, 1996, Issue 2, pp. 170-183.

³ According to Art III of the Treaty, the shah recognized the transfer "to the Russian Empire of the Karabakh and Ganja khanates, which were united into the Elisabethopol province; the Sheki, Shirvan, Derbent, Kuba, Baku, and Talysh khanates with the lands of the latter that now belong to the Russian Empire; at the same time, the whole of Daghestan, Georgia with the Shuragel province, Imeretia, Guria, Mingrelia, and Abkhazia, as well as all the possessions and lands between the newly drawn border and the Caucasian line with the lands and peoples neighboring on the line and the Caspian (*Giulistanskiy mirny dogovor (Mirny Traktat, zakliuchenny mezhdu Rossiiy i Persiiy. 12 (24) oktiabria 1813 g.*), available at [<http://www.hronos.km.ru/dokum/ruper1813.html>]).

⁴ Under Art III of the Treaty "the Persian shah ceded to the Russian Empire to its full ownership Erivan khanate on this and on the other side of the Arax and the Nakhichevan Khanate." Art XII mentioned the names of Husain Khan, former ruler of Erivan, his brother Hasan Khan and Kerim Khan, former ruler of Nakhchivan (see: "Turkmanchayskiy mirny dogovor mezhdu Rossiiy i Iranom," in: *Sbornik arkhivnykh dokumentov*, ed. by A.A. Sazonov, G.N. Gerasimova, O.A. Glushkova, S.N. Kisterev, Russkaia kniga, Moscow, 1992, pp. 314-324).

In 1925, with the advent to power of Shah Reza Pahlavi, Iran became “a Persian state” and the Azeris lost nearly all their influence in the ruling structures.⁵ The new dynasty’s chauvinistic policies, under which the Azeri language was banned and the specifically Azeri makeup of the nation’s history and culture was ignored, stirred up discontent among the Azeri population.

The states that existed on the lands during the earlier periods had no generally recognized names—they were dynastic rather than territorial units and were known as the Azeri Safavid dynasty (which ruled Iran between 1501 to 1736), the Qajar dynasty (1779-1925), etc.

In 1941, the Soviet Union stationed its troops in Iran and remained in control of Southern Azerbaijan throughout the war.

In September 1945, the Azerbaijan Democratic Party was formed, which aimed at establishing an independent state with the prospect of uniting it with Soviet Azerbaijan.⁶

In the spring of 1946, U.S. President Truman demanded that Soviet troops leave Iranian Azerbaijan.⁷ As soon as the Soviet Army left, the Democratic Party and the emerging republic were destroyed.

Southern Azerbaijan and its capital Tabriz have played and continue to play a very important role in Iran’s domestic and foreign policies and in the country’s economy. The city was the official residence of the Qajar crown princes. Southern Azerbaijan was regarded as *waliahd-neshin* (the residence of the crown princes), while Tabriz was known as *dar-us-saltane* (the royal house). For this reason Tabriz was the second Iranian capital and, for a time, even housed all the diplomatic missions. After the Turkmanchai Treaty of 1828, Russia’s envoy extraordinary and plenipotentiary to Persia had his residence in Tabriz; the general consulates of the Russian and Ottoman empires were also found in Tabriz. Until 1938, Southern Azerbaijan was one of the four provinces (*ostanha*) of Iran.⁸

At all times Iran was apprehensive of possible separatist sentiments among its Azeri population; in 1946, to prevent unwelcome developments, Iranian Azerbaijan was divided into two provinces—Eastern Azerbaijan with its center in Tabriz and Western Azerbaijan with its center in Rezaiyeh.

The disappearance of the 1,700-km long-border with the Soviet Union in 1991 was an event of geopolitical importance; it was an event of historic dimensions for Iran, which was no longer threatened from the north. This also created foreign policy opportunities in the Caucasus and Central Asia and opened the prospect of reaching Europe through the Caucasus.

Today, Iran borders on two of the three South Caucasian states: Azerbaijan and Armenia. The Iranian presence in the region is not limited to geographic circumstances: from the very beginning, the Iranian leaders indicated their intention of moving into the Southern Caucasus and operating there actively or even aggressively. It was one of the first countries to establish diplomatic contacts with the newly independent states.

Iran’s relations with Azerbaijan are far from simple: the IRI holds a very specific position in the Nagorno-Karabakh issue. While condemning Armenia’s territorial claims on Azerbaijan and supporting the latter’s territorial integrity, Iran extends considerable economic support to the Armenians in the form of indispensable commodities, fuel, etc. At the same time, Iran extends humanitarian aid to the Azeri refugees and forced migrants (driven away from their places of permanent residence in

⁵ See: A.M. Koknar, “Iranian Azeris: A Giant Minority,” June 2006, *Policy Watch* No. 354: Special Forum Report, 24 November, 1998, The Washington Institute for Near East Policy, available at [<http://www.washingtoninstitute.org/templateC05.php?CID=2476>].

⁶ See: K.S. Gajiev, *Geopolitika Kavkaza*, Mezhdunarodnye otnoshenia Publishers, Moscow, 2003.

⁷ See: H. Kissinger, *Diplomacy*, Simon & Schuster, New York, 1995, p. 495.

⁸ See: F. Akhmedova, “O Toponime ‘Azerbaizhan’,” *IRS-Nasledie*, No. 1 (25), 2007, available at [http://www.irs-az.com/gen/n25/n25_7.htm], 27 October, 2007.

Armenia and the occupied lands of the Nagorno-Karabakh region of Azerbaijan and seven adjacent districts) living in tent settlements.⁹

Hassan Rohani, Secretary of the Supreme National Security Council, stated that the Caucasus as a whole and Azerbaijan in particular belonged to Iran's national security zone.¹⁰

Southern (Iranian) Azerbaijan is another sore spot in the relations between the two countries. The local Azeris are believed to be Iran's largest national minority; in actual fact, however, they are Iran's largest ethnic group of about 30 million according to different sources. Today, the local Azeris play more prominent roles in the economy and religion than in politics.¹¹ It should be said that the IRI's state ideology—Khomeinism—officially denies the very possibility of the national question in the “united Islamic community, the Ummah,” where ethnic affiliation has no importance.

The Iranian Azeris, however, complain to the Special Representative of the U.N. Commission on Human Rights that they cannot use their native language and that the official assimilatory efforts are gaining momentum. They demand that their children should be able to study in their native language (along the Iranian language) in the areas with a predominantly Azeri population; that the local Azeris should be given the opportunity to listen to the radio and watch TV programs in Azeri and that there should be conditions for studying Azeri in schools and universities across the country. So far, Azeri is not even taught at Tabriz University. The local people need help to set up Azeri cultural centers. Cases of changing or distorting Azeri geographic names, refusal to register newborns with Azeri names, and persecutions of Azeri cultural figures and academics, etc. are not infrequent.¹²

In January 1993, in an effort to rule out all attempts at setting up an autonomy, Eastern Azerbaijan was divided once more; a newly formed Azeri province was set up with its capital in Ardabil.

The border between the two countries is too long and the Azeri diaspora in Iran of up to 30 million is too large for Baku not to attach great importance to its relations with Tehran. Despite the natural concern about the fate of the Iranian Azeris, Azerbaijan has no intention to interfere in the domestic affairs of a sovereign state.¹³

On 16 March, 2005, Baku hosted the Second Congress of World Azeris, which minced no words in its criticism of Iran. Enraged about some of the critical comments, Iranian Ambassador to Azerbaijan Afshar Suleymani (of Azeri extraction) handed in a note of protest to the Foreign Ministry of Azerbaijan in which he demanded that an end be put to “interference in Iran's domestic affairs.” In response, the Foreign Ministry informed the Iranian ambassador that the criticism had been offered by members of public associations and had nothing to do with “the country's official position.”¹⁴

From time to time, Iranian public figures offer the opinion that Azerbaijan should be reunited within “Iran as its historical homeland.” It should be said in all justice that the official position is more moderate, however, the issue itself is still topical. Even before the Iranian Revolution, General Ariana promoted pan-Iranian ideas. Today, some of the Iranian intellectuals and the military are still daydreaming about reunification of Azerbaijan within Iran.¹⁵

⁹ See: E. Najafov, *Iuzhny Kavkaz: ternisty put k bezopasnosti*, Nauchnaia kniga Publishers, Moscow, 2005.

¹⁰ “Iran ob'javil Azerbaizhn zonoy natsional'noy bezopasnosti,” *Ekho* (Azerbaijan), No. 150, 9 June, 2001.

¹¹ See: S.E. Cornell, *Iranian Azerbaijan: A Brewing Hotspot*, Presentation to Symposium on “Human Rights and Ethnicity in Iran,” 22 November, 2004, organized by the Moderate (conservative) party, Swedish Parliament, Stockholm, available at [<http://www.cornellcasian.com/pub2/0411IRAN.pdf>], 24 November, 2007.

¹² The U.N. Economic and Social Council. The United Nations Commission on Human Rights. 58th United Nations Commission on Human Rights. Report of the Islamic Republic of Iran.

¹³ See: I. Aliev, “Azerbaijan's Strategic Outlook,” *Policy Watch No. 354: Special Forum Report*, 24 November, 1998, The Washington Institute for Near East Policy, available at [<http://www.washingtoninstitute.org/templateC05.php?CID=1232>].

¹⁴ “Kogo bespokoit nashe Edinstvo?” *Nash vek. Nezavisimaia obshchestvenno-politicheskaia gazeta* (Azerbaijan), No. 12 (355), 24-30 March, 2005.

¹⁵ See: F. Nahavandi, op. cit.

The IRI has left the imperial development stage, when territorial expansion was considered desirable, behind. Today, all serious politicians know that any efforts to carry out territorial expansion will not only make their country's isolation worse, but will also tip the ethnic balance inside the country, which might not survive this.¹⁶

As soon as it gained its independence in 1991, the Republic of Azerbaijan officially declared that it did not claim any territories outside its state borders, including the Azeri lands that were originally part of Iran. Its National Security Concept says in part: "The Republic of Azerbaijan attaches great importance to its relations with neighboring Iran. The relationship between the two countries, which share a common rich historical and cultural heritage, is one of the important objectives of the country's foreign policy. The Republic of Azerbaijan is interested in promoting mutually beneficial relations with Iran in political, economic, cultural, and other areas."¹⁷

Iran was one of the first countries to recognize Azerbaijan's independence; today it is one of the key economic partners.

The relations between the Azeris and the Persians are far from simple; there are many things that cause friction, but as close neighbors who share the same religion (the majority in both countries are Shi'a Muslims), they have similar customs and traditions.¹⁸

They are divided ideologically and cannot agree on a number of political and economic issues, including the hydrocarbon reserves of the Caspian, the status of which remains a point of dissent in their mutual relations.

Azerbaijan, together with Russia, Kazakhstan, and Turkmenistan, stands opposed to Iran, which with 14 percent of the Caspian coast insists that the sea should be divided into equal sectors (20 percent per state) among the five Caspian states.¹⁹ Disagreements over the principles of division of the Caspian even led to a military confrontation, the only one in the history of their bilateral relations, between Iran and Azerbaijan on the Caspian on 23 July, 2001.

On that day an Iranian warship and two fighter planes forced a ship of the British Petroleum-Amoco engaged in geological prospecting around the Araz-Alov-Sharg oil fields in the Azeri sector of the Caspian to cut short its work. Azerbaijan condemned Iran's actions as a violation of its air space and invasion into its territorial waters.

Some time later a Turkish Air Force squadron paid a visit to Baku, where it performed for a delighted public. On 25 August, 2001, Head of the Turkish General Command General Hussein Kyvrykoglu arrived in Azerbaijan on an official visit. Some political analysts detected a cause and effect connection between the Iranian demonstration of power in the Caspian and the visit of the elite Turkish pilots to Baku and described it as Turkey's moral support of Azerbaijan.²⁰

On mid-October 2004, Iran began large-scale military exercises in the northwest of the country, next to the border with Azerbaijan, with the intention of demonstrating its military might and convincing Baku that it should slow down its fast-developing strategic cooperation with Washington.

¹⁶ See: A.Iu. Umnov, "Geopoliticheskiy perekrestok vchera i segodnia (Kavkaz v politike Rossii, Turtsii i Irana), *Blizhniy Vostok i sovremennost*, Issue 4, 1997, pp. 267-273.

¹⁷ *National Security Concept of the Republic of Azerbaijan*, Approved by Instruction No. 2198 of the President of the Republic of Azerbaijan on 23 May, 2007, available at [http://www.mfa.gov.az/ssi_eng/foreign_policy/inter_affairs/nsc/NSC.pdf].

¹⁸ See: V. Sazhin, "On Relations between Iran and Azerbaijan," *Central Asia and the Caucasus*, No. 4 (28), 2004.

¹⁹ The Republic of Azerbaijan believes that the Caspian Sea should be divided into sectors in which the sovereign rights and jurisdiction of the coastal states shall apply. The sea should be divided into sectors on the basis of the median line principle, the existing practice and with due respect to the sovereign rights of the coastal Caspian states (see: *On Legal Status of Caspian Sea*, Caspian Sea Issues, Ministry of Foreign Affairs of the Republic of Azerbaijan, available at [http://www.mfa.gov.az/eng/foreign_policy/caspian.shtml]).

²⁰ See: "Turetskie zvezdy' voskhitili bakintsev," *Ekho*, No. 141, 24 January, 2001.

Regional tension began to mount in May 2006 when public unrest swept Iranian Azerbaijan. Provoked by the cartoons insulting Azeris that appeared in one of the official newspapers, unrest spread to the entire region of Southern Azerbaijan with Tabriz as the epicenter. The Iranian leaders deemed it wise to apologize to the Azeris; the editor and the author of the offending cartoons were arrested, but the unrest did not diminish. The authorities had to use the army and special units to suppress the riots: by the end of May, nearly 50 people had been killed and over 1,000 wounded; about 11,000 were arrested.²¹

Baku is developing friendly relations not only with Washington, but also with Tel Aviv (Tehran's second worst enemy after the United States, which is invariably referred to as the Small Satan). This cannot help but irritate Iran, the foreign policy doctrine of which does not envisage strong extra-regional powers in the Caucasus, in the Caspian, or in Western Asia as a whole.

Recently Baku accepted Russia's suggestion that the Gabala radar station (the Daryal station) should be used by the United States and Russia for early warning about possible missile attacks from Iran and North Korea. This could hardly pacify Iran.

It should be said that certain tension in bilateral relations notwithstanding, the two countries never go beyond the diplomatically acceptable in their mutual accusations.

More often than not Iran's specific attitude toward the issues that come to the fore at the talks between Azerbaijan and Armenia is conditioned by its domestic Azeri factor. For example, Iran was dead set against an exchange of corridors that connected Armenia with Karabakh and Azerbaijan with Nakhchyvan. If realized, the initiative would have extended the common border between Azerbaijan and Iran, something that Tehran preferred to avoid.

The IRI is using the Armenian-Azeri conflict to put pressure on Baku. It is Armenia's main supplier of commodities; it also delivers all sorts of commodities to Nagorno-Karabakh, over which Azerbaijan has no control.

For this reason, Erevan and the Armenians of Karabakh positively assess Iran's contribution to the talks, preferred Tehran to other foreign representatives, and would like to see Iranian observers stationed on the border between Armenia and Azerbaijan and in the Nakhchyvan area. In October 2002, Foreign Minister of Armenia declared that Iran guarantees stability in the Karabakh area.

It would be wrong, however, to believe that Iran's position in the Nagorno-Karabakh issue is pro-Armenian. Iran does not want continued Armenian aggression in Azerbaijan, which will inevitably create another wave of refugees that might stir up separatist sentiments in Iranian Azerbaijan.

Iranian-Georgian relations deserve special mention. In the first years of Georgia's independence, Tbilisi tried to balance its relations with its southern neighbors to contain the pressure from the north and achieve more clarity in its relations with its historical neighbors. In particular, the newly independent republic wanted Istanbul and Tehran to recognize its new status and territorial integrity. Iran was one of the first states to recognize the sovereignty and territorial integrity of Georgia.

In 1801, when Georgia joined Russia, direct bilateral relations with Iran were severed for nearly 200 years to be resumed when the Soviet Union fell apart. As an independent state, Georgia acquired the opportunity to restore its old contacts. It was the IRI that initiated the process and established trade and economic contacts that helped Tbilisi to cope with the urgent problems at the first stage of its independence.

Georgia cannot ignore Iran, since it should develop its regional and international contacts, on the one hand, and seek a counterweight to Russia's impact, on the other. As one of the Black Sea

²¹ A.M. Koknar, *op. cit.*

coastal states, Georgia should exploit this advantage to become a regional communication and transportation center. Iran, in turn, uses Georgia as a transit state to move its commodities to Europe across the Black Sea.

Bilateral Iranian-Georgian relations are fairly stable and conflict-free. They can be described as cool yet good-neighborly. Tehran is naturally concerned with President Saakashvili's intention to establish the closest possible relations with the United States; it is naturally alarmed by the presence of a large American military contingent on the Georgian territory, the military agreement between Washington and Tbilisi on cooperation in the security sphere, and Georgia's intention to join NATO.

The relations between the two countries, especially in the near future, will be limited because of the geopolitical confrontation between the U.S. and Russia in the Caucasus and Tbilisi's cultural and political orientation toward the West. In the near future, the contacts between Georgia and Iran will depend on the American-Iranian relations, as well as on the level of American-Russian contacts.

Iran is treating the conflict in Abkhazia with a great share of pragmatism; Tehran prefers to deal with Tbilisi and remains indifferent to the calls (draped in religious and nationalist garbs) of the Abkhazian leaders to recognize their self-proclaimed republic as a sovereign state.²²

Iran does not belong to the group of Georgia's strategic partners and limits itself to humanitarian contacts.

On 22 October, 2006, a Georgian delegation headed by Foreign Minister G. Bezhuashvili and Minister of Energy N. Gilaury visited the IRI to diversify bilateral political and economic relations between the two countries against the background of the strained relations with Russia. The Georgian delegation confirmed Iran's important role in the region and emphasized that its involvement was very much needed to ensure security in the Southern Caucasus and in the emerging system of regional security and stability. Tehran, in turn, formulated a new regional initiative: when talking to the Georgian foreign minister, President of Iran Ahmadinejad suggested for the first time that his country could become a mediator in Georgian-Russian relations. This was the first Iranian response to the issues regarding which the Iranian leaders preferred to remain neutral. Today, Tehran demonstrates its concern ("nobody gains from regional tension") and readiness to be actively involved in mediation efforts in the Southern Caucasus in line with its offensive regional strategy. Without betraying his biases, the Iranian president called on Russia and Georgia to demonstrate "wisdom" and "moderation" in order to defuse tension.²³ Tbilisi, interested more than ever in its energy security, is trying hard to find energy sources alternative to Russia's; it expects that it will be able to import natural gas and electric power from Iran via Armenia and Azerbaijan. The two sides signed a Memorandum on Cooperation in Exporting Iranian Energy to Georgia.

The new agreements are helping Tehran, which is positioning itself as a reliable source of energy, to increase its economic influence in the Southern Caucasus. The Iranian leaders tried at the same time to obtain certain diplomatic dividends from the visit by offering their mediation in Russian-Georgian contradictions.

According to the Tehran IRNA agency, which referred to the Georgian media, Georgian Ambassador to Iran L. Asatiani announced that Iranian businessmen were prepared to invest \$1 billion in the Georgian economy. "The sides are negotiating favorable treatment in the sphere of transportation... Direct investments are not the only sphere of Georgia's interests—Iran is a vast consumer market—this is a country with 70 million-strong population," said the ambassador. The Agency pointed out

²² See: D.B. Malysheva, "Iran i problemy regional'noy bezopasnosti Zakavkaz'ia," *Blizhni Vostok i sovremennost*, Issue 9, 2000, pp. 351-360.

²³ See: A.A. Rozov, "Novaia geopoliticheskaia os 'Tegeran-Tbilisi'," The Middle East Institute, available at [<http://www.iimes.ru/rus/stat/2006/26-10-06.htm>], 24 November, 2007.

that Georgian-Iranian relations had received a fresh impetus after the 2004 official visit of President Saakashvili to Iran, the meeting of the Georgian-Iranian intergovernmental economic commission that took place in Tbilisi in 2005, and the business forum that attracted 80 Georgian and Iranian companies in November 2006 to Tbilisi.²⁴

Washington's position regarding the energy agreement between the IRI and Georgia was described by U.S. Ambassador to Georgia John F. Tefft in an interview in the *Kviris palitra* weekly published in Tbilisi. He said that the United States appreciated the fact that Georgia had had to buy gas from Iran in January-February 2007 under extreme circumstances, when the Russian gas pipeline was destroyed by an explosion leaving the population to freeze to death. However, the ambassador continued, the United States was not prepared to accept "long-term strategic cooperation" between Tbilisi and Tehran in the gas sphere and invited Georgia to rely on Azeri gas from Shah Deniz and Georgia's own hydropower resources.²⁵

Bilateral ties with Armenia can be described as very good: Iran was one of the first states to recognize Armenia's independence and was actively involved in its development. In this country, relations are very much affected by the problems between Iran and Azerbaijan and Iran and Turkey.

The Armenian diaspora in Iran is about 200,000 strong; it carries weight with Erevan and is traditionally patronized by the Iranian authorities. Armenia attaches great importance to its relations with Iran: "It is highly important for Armenia to have consistently developing relations with Iran if we take into account that out of our four neighbors we have good relations with only two—Georgia and Iran, while Armenia is in a state of undeclared war with Azerbaijan." This was how President of Armenia Robert Kocharian described his country's position at the meeting with students of Erevan State University on 27 April, 2007. He went on to say that Armenia was maintaining strategic relations with the IRI in several spheres and that there were several projects that would be realized. "While developing our relations, we are not setting ourselves against certain other countries: these relations suit Armenian's national interests."²⁶

Today Tehran is not merely one of Erevan's largest trade partners—it is one of its largest investors. Its commercial investments in the Armenian economy comprise 26 percent of the total foreign investments. The IRI is Armenia's second (after Russia) largest trade partner; every day Iranian trucks cross the border with Armenia in great numbers practically unchecked (they are carefully checked at the border with Azerbaijan).

The relations between the two countries are developing within the framework of tripartite cooperation between Armenia, Iran, and Greece. In 1997, their representatives signed a Memorandum on Mutual Understanding and Cooperation in Athens; they set up an executive committee, as well as subcommittees for economy, energy fuels, industry, communication, and tourism.

The sides drew up plans for a gas pipeline that would connect the Iranian and Turkmenian gas fields with Ukraine and Europe (via Armenia). The gas pipeline between the IRI and Armenia will be 700 mm in diameter with the annual capacity of 1,2 billion cu m. At the early stages, Armenia will receive 1.1 billion cu m of Iranian gas a year; and starting in 2019, 3.3 billion. The treaty was concluded for 20 years. To achieve the planned figures, Armenia will have to lay 197 km of pipeline which will pass through Kajaran, Sisian, Jermuk, and Ararat. Armenia will repay every 1 cu m of Iranian gas with 3 kW of electric energy. The Megri-Kajaran pipeline is a 40 km-long stretch of the entire pipe-

²⁴ See: "Iran nameren investirovat v ekonomiku Gruzii 1 milliard dollarov," Informationnoe agenstvo Iranskoj Respubliki (IRNA), 15 June, 2007.

²⁵ See: "Nekhoroshiy gaz. Tbilisi i Washington razoshlis vo vzgliadakh na zakupki prirodnogo gaza v Irane," *Vremia novostey*, No. 219, 28 November, 2006.

²⁶ "Armenia pridaet vazhnoe znachenie svoim otnosheniam s Iranom," *Novy Region. Internet izdanie stran Iuzhno-go Kavkaza*, available at [<http://www.nregion.com/txt.php?i=12165>], 27 April, 2007.

line; it costs approximately \$35 million, 80 percent of which was loaned to Armenia by the Iranian Bank of Development; the rest was laid using Armenian money.²⁷

Unconnected with the interests of Russia and the United States and putting a certain amount of pressure on Azerbaijan, the pipeline will produce certain diplomatic dividends for Tehran.

On 23 October, 2007, President of Iran Ahmadinejad came to Armenia on an official visit; it was planned in 2006 as a reciprocal visit after the July 2006 visit of President of Armenia Kocharian to Iran. This was the second meeting in 2007 between the two presidents, who jointly commissioned the first stretch of the Iranian-Armenian gas pipeline. The ceremony took place on 19 March, 2007 in the Armenian town of Agarak on the border between the two countries.

Tehran and Erevan signed a Memorandum on Freight Traffic which allowed Armenian long-distance drivers not merely to enter Iran, but also to pass through customs under simplified procedures and to cross the country to deliver their cargoes to the Caspian port of Anzali, Bandar Abbas on the Gulf, and other border checkpoints, which gave Armenia access to Russia and Central Asia across the Caspian. Its access to the strategically important Gulf was even more advantageous. Iranian transit is nearly 60 percent cheaper than the usual route via the Georgian ports of Poti and Batumi.

At a joint briefing the Armenian president informed journalists that the sides had agreed to step up foreign policy relations and that the feasibility studies for an oil refinery and a railway between the two countries were in progress. The gas pipeline between Iran and Armenia is being built to provide the latter with another source of fuel. In 2008, the sides intend to launch construction of two hydro-power stations on the border river Arax. At the same briefing President Kocharian pointed out that Iran was a very important partner and that the bilateral agenda was highly varied.²⁸

The two countries are stepping up their bilateral relations due to the political context in which they have to operate today. Its aggressive policy cost Armenia its involvement in large regional projects; it cannot reach the world through Azerbaijan and Turkey and had to look for an outlet elsewhere. The transit route across Georgia cannot be used because of Georgia's strained relations with Russia. Armenia badly needs Iranian fuel, while Tehran is taking advantage of the situation to realize its claims to regional leadership.

The defense ministries of both countries will cooperate in the field of logistics. An agreement was reached at the Erevan meeting between the two defense ministers, M. Arutiunian and Brigadier General M. Mohammad-Najjar; an inter-departmental Protocol on Mutual Understanding and Partnership in the Sphere of Defense, which concluded the meeting, was signed on 8 November, 2007.

According to U.S. Chargé d'Affairs ad interim Anthony Godfrey, Washington is concerned with the relations developing between Erevan and Tehran. He said in particular that the United States had informed the Armenian leaders about its concern. "We hail the fact that Armenia is building its relations according to the principle of transparency and that the country's leaders are open about the future of their relations with Iran." The American diplomat said that his country would go on insisting that the Armenian authorities "should convince Iran to follow its obligations to the international community."²⁹

Tehran is concentrating on preventing the extra-regional powers (particularly the U.S. and Israel) from gaining a stronger position in the Caucasus. Russia and Iran agree that the nonregional actors should not interfere in the domestic affairs of the Caucasus, the Caspian, and Central Asia. In the post-Soviet period Iran is using the Russian Federation to oppose American domination. Iran, just as Rus-

²⁷ See: "Gazoprovod Iran-Armenia vveden v ekspluatatsiu," Informatsionnoe agentstvo Islamskoy Respubliki (IRNA), 19 March, 2007.

²⁸ See: T. Ovnatian, "Mahmud Ahmadinejad: 'V otnosheniakh mezhdru nashimi stranami net prepiatstviy i granits'," *Novoe vremia. Nezavisimaia obshchestvenno-politicheskaia gazeta* (Armenia), 23 October, 2007.

²⁹ "SShA ozabocheny rasshireniem otnosheniy Armenii s Iranom," *IA Regnum*, 15 June, 2007, available at [<http://www.regnum.ru/news/843520.html>].

sia, China, and India for that matter, is very negative about a unipolar world order and is working toward a new balance of power better suited to a multi-polar world.

In recent years, Iran has been extending its military presence in the Caspian in an effort to oppose the strategic ties developing between the United States and Europe with Azerbaijan and Kazakhstan. It is modernizing its Caspian forces and has also set up a special marine police force as part of its navy. The Iranian leaders are not hesitating to demonstrate that this is suggested by “foreign irritants.”

The Second Caspian Summit, which was held in Tehran in October 2007, was a very important event. The presidents of Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan agreed that the Caspian and its natural riches should be used solely by the coastal sovereign states. The presidents achieved an agreement on intensified economic cooperation and navigation under the flags of the coastal nations. They discussed ecological security (especially in relation to the hazardous fuel transportation), regional security and stability, protection of oil and gas production facilities, as well as the joint struggle against terrorism and extremism.

The summit adopted the Final Declaration signed by all the presidents which formulated the principles of action. It will serve as a political milestone for all the Caspian states until they agree on a Convention on the Caspian’s Legal Status (which so far remains vague). The document registered their refusal to let any other country use its territory for aggression or hostilities against any of the Caspian states.

So far, America and its European allies have not been concentrating on Iran’s moves in the Caucasus. In the future, however, both the U.S. and EU, which are pouring enough money into the political and economic developments in the local states to ensure their independent political orientations, will become concerned with Tehran’s policy and its greater involvement in the region.