The Iranian political elite, state and society relations, and foreign relations since the Islamic revolution

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Chapter 5
Factional Rivalries and Iranian Foreign Policy

5.1 Introduction
The following analysis focuses on the foreign policy of the IRI since the Islamic revolution of 1979 until (December) 2007. The main questions to be raised in this chapter are:

(1) What influence has the Islamic revolution had on foreign policy orientation and formulation of the IRI?

(2) What impact have Supreme Leader Ayatollah Ruhollah Khomeini (1979-1989), and the three presidents Hojatoleslam Ali Akbar Hashemi Rafsanjani (1989-1997), Hojatoleslam Mohammad Khatami (1997-2005), and Mahmoud Ahmadinejad (2005-) had on foreign policy? Have there been major shifts in foreign policy orientation during their rule or has the overall foreign policy approach, introduced by Khomeini after the revolution in 1979, remained the same?

(3) What is the impact of the Shi’ite ideology as developed by Ayatollah Khomeini on foreign policy formulation in Iran?

As has been explained in chapter 1, foreign interventions in Iran by France, Russia, Britain, and the US since the 19th century, have had great effects on Iranian foreign policies even until today.

During the reign of the last Shah, Mohammad Reza Shah, Iran was a close ally of the US and aimed to achieve a prominent position in the Persian Gulf region. As has been outlined in the earlier chapters, the Islamic revolution meant a total break with the foreign policy of the Shah.

Generally speaking, Iran’s foreign policy approach since the Islamic revolution can be summarized as follows:

(1) During the first ten years after the revolution, when Ayatollah Khomeini was the Supreme Leader, it was dominated by two main ideological principles, manifested in two slogans: First, “Neither East nor West but the Islamic Republic,” away especially from Western (US) influences in Iran; and second, the “Export of the Revolution,” to free Muslim countries and non-Muslim countries from their “oppressive and corrupt rulers.” The latter served as a means of mobilization of the Iranian people to support the eight-year war with Iraq (1980-1988). Thus, the first ten years after the revolution were mainly ideologically driven in foreign policy

103 This chapter is partly based on the author’s earlier published article “Iranian Foreign Policy since the Iranian Islamic Revolution: 1979-2006,” in M.P. Amineh (ed.), The Greater Middle East in Global Politics: Social Science Perspectives in the Changing Geography of the World Politics, (Leiden and Boston: Brill Academic Publishers, 2007), 146-175.
orientation, inspired by the Shi'ite ideological doctrine as developed by Ayatollah Khomeini;

(2) Due to the great economic problems in Iran and because, with the emergence of Hashemi Rafsanjani as President in 1989, a power shift took place from an alliance between the Conservative and the Radical Left factions to cooperation between the Conservative and the Pragmatist faction, a more pragmatic approach prevailed. This approach focused on a post Iran-Iraq war economic reconstruction and the country’s reintegration into the international economy. A priority of President Rafsanjani’s foreign policy was to improve relations with the Persian Gulf countries, especially Saudi Arabia, but also with the lately independent states of CEA and Russia;

(3) During Khatami’s presidency (1997 – 2005), Rafsanjani’s foreign policy towards Iran’s neighbors was mainly continued, but also relations with the EU and its member countries were improved. However, even during the presidency of these two presidents, the Islamic ideology, embedded in a nationalist desire to reject any “Westernization” of the country and the Iranian people, still prevailed among some elements of the Iranian political elite.

(4) With the election of Ahmadinejad as president in 2005, some shifts in foreign policy orientation can be noted – away from the pragmatic approach under Rafsanjani and Khatami – to a rhetorically more hostile attitude, especially towards the West and Israel. This has led to great irritations not only from the US but also from the EU, the latter of which aims to establish a constructive dialogue with Iran. The situation has even worsened due to the nuclear issue.

This chapter starts with an overview of the formal process of decision-making in the IRI. Then, it analyzes the foreign policy of the IRI under Ayatollah Khomeini as the Supreme Leader, during the presidency of Rafsanjani and the presidency of Khatami, and finally since the presidency of Ahmadinejad in 2005. This chapter focuses mainly on relations between Iran and its neighbors in the Persian Gulf, Russia, CEA, China, India, and the US. In chapters 6 and 7 Iran-EU relations and relations with individual EU member countries will be discussed.

5.2 Foreign Policy Decision-Making in the Islamic Republic of Iran

The main offices that are responsible for foreign policy in the IRI are the supreme leader, the president, the Council of the Guardian104, the foreign minister, the NSC105, and the majles. The decision-making process on bills goes from foreign minister, to president, to the NSC, and finally to the supreme leader, who must sign all bills both on

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104. The Council of the Guardian makes recommendations and develops guidelines for foreign policy. It ensures that the government’s foreign policy initiatives do not contravene the constitution.

105. The NSC is under control of the president and his staff. It is a key institution where foreign policy is debated. The Supreme Leader has personal representatives at the NSC.
domestic as well as foreign policy issues. This is a rough sketch, as the exact power structure differs, depending on the priorities and the stature of the personalities and composition of factions involved.

An important source for developing foreign policy is the information gathered from abroad via the Iranian embassies, media sources, libraries abroad, individual citizens of other countries, think tanks, individual scholars, as well as the cultural attachés as part of the Islamic Culture and Communications Organization (ICCO), which is an independent body within the government.

Like in all other domains, it is the supreme leader, who has the final say about foreign policy decision-making. He approves or disapproves foreign policy initiatives. Though, since 1989, the president and his office is the main foreign policy making organ in the IRI, foreign policy decisions have always to be made in accordance with the supreme leader. The foreign minister reports directly to the president. Foreign policy initiatives of the foreign ministry are always monitored through the president’s office. The majles may not interfere in the executive foreign policy decision-making process. But the majles discusses foreign policy issues and individual members can make public statements on regional and international issues. The government needs the majles approval to enter into international agreements, treaties, memorandums of understanding etc. This division of competencies, regarding foreign policy issues, has several times provoked disagreement between supreme leader, president, and foreign minister (as will be shown below).

In the IRI the rivalry between different political factions of the political elite on foreign policy is grounded in different geopolitical visions. In general, two main groups of the Iranian political elite with regard to foreign policy orientation/geopolitical visions of the IRI can be distinguished:

(1) The first group is represented mainly by the Conservative faction of the Iranian political elite. It emphasizes the identity of the Islamic revolution and the return to Islamic values. In order to reach these goals, the IRI has to have a good partnership with Islamic countries and the Muslim masses, and also refrain from rapprochement with the US;

(2) The second group represents mainly the Pragmatist and Reformist factions. These factions see Iran as a nation state that has to play a key role in international rela-

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106. Interview with Dr. Abbas Maleki, Director of the International Institute for Caspian Studies, 9 November, 2005, Tehran.
107. The ICCO consists of five directorates: publications, communications, cultural logistics, research, and administration and financial affairs. Each of these directorates has several sub-departments. The ICCO has three main objectives: anti-Mujahedin activities, including recruitment of former members of the Mujahedin-e Khalq; penetration of Iranian exile communities abroad through farsi-language radios and other means, recruitment of agents, encouraging Iranians to return to Iran, and infiltrating Iranian associations and groups; recruitment and organization of Radical Islamic forces in Muslim countries, penetration of Muslim communities in Western countries for recruitment. The cultural attachés in embassies abroad are linked to the ICCO.
tions. This group is convinced that international trade and political ties are major tools in safeguarding Iranian national interest. It therefore advocates establishing a good relationship with the West and especially the US.

The Conservative dominated group is more ideologically driven in its foreign policy outlook, while the Pragmatist, and Reformist factions have a pragmatic foreign policy approach. Although the three main political factions agree on certain fundamental principles (independence, equality, a greater role for Iran in international relations), they have, as will be shown in this chapter, different views on how to pursue these goals.

5.3 Foreign Policy in the Period of Khomeini’s Leadership (1979-1989)

Since the establishment of the IRI in 1979, Iran’s foreign policy orientation has undergone a gradual development from isolation towards pragmatism. In the 1980s, foreign policy issues were under Khomeini’s and his office’s responsibility. The two main political factions at that time – the Conservative faction and the Radical Left faction – as well as centers of power of the clerical establishment on many occasions followed their interests by implementing their own foreign policy agendas (Ehteshami 1997: 31).

In the first ten years after the revolution, particularly when the new republic’s main foreign policy guidelines were formulated, the geopolitical vision of the IRI was dominated by two principal guidelines that emerged shortly after the revolution:

The first was summarized in the slogan: “Neither East nor West, but the Islamic Republic;”

The second guideline was the “Export of the Revolution.”

It is not so clear which specific countries were included in “East” or “West.” While, for example, relations with the US were very hostile, they were less so with the former Soviet Union. At the same time, the IRI tried to maintain normal relations with the allies of the two superpowers, such as Western Europe and Japan (Keddie 1990: 6-7). After all, the Islamic revolution was to a certain extent a reaction to the Shah’s good relations with the US and his “Westernization” policies. Therefore, the intention of the revolution was not only to resist Western cultural influences, but on the contrary, to put emphasis on Islamic authenticity and identity. The revolutionary legacy in Iran had an important impact on foreign policy formulation.

The Provisional Government under Prime Minister Bazargan interpreted the slogan “Neither East nor West” in its own way. Like Ayatollah Khomeini it promoted the independence of the Iranian state, but in contrast to Khomeini, it supported a slight openness towards the “West” to balance off the “East.” This fact is evident in various documents. On 31 May 1979 the US embassy reported:

“PGOI [the Provisional Government] and Khomeini differ on value of US ties. Khomeini’s open anti-Americanism has sparked increase in anti-American activity” (Muslim Students Following the Imam’s Line, n.d., 15:59).\(^\text{108}\)

\(^{108}\) Cited from papers that were seized from the US Embassy after the hostage tacking in 1979.
The last US ambassador in Tehran, William Sullivan, reported that both Mehdi Bazargan and Abbas Amir-Entezam [the Provisional Government’s spokesperson] did not trust the Soviet Union and therefore promoted close ties with the US (Muslim Students Following the Imam’s Line, n.d., 18:25). Prime Minister Bazargan's political philosophy was rooted in the secular nationalist tradition of Iran of former Prime Minister Mosaddeq. It can be considered a more moderate version of the non-alignment policy, trying to avoid too much dependence on any of the great powers (US or Soviet Union) and to have good relations with all, especially neighboring countries (respect and non-interference into the internal affairs of another state). Bazargan, like most Iranian nationalists both secular and Islamic, was cautious towards the Soviet Union. He advocated a good relation with the West to balance off the Soviet Union, particularly because of the latter’s geographical proximity. He also advocated a less activist policy towards the Persian Gulf countries than followed by Mohammad Reza Shah in the 1960s and 1970s, who had aimed at playing a leading role as the region’s “policeman” in Persian Gulf security. Bazargan’s policy was similar to that of Shapour Bakhtiar, the last Prime Minister of the Shah at the end of 1978. When Bakhtiar was Prime Minister, Iran withdrew from the Central Treaty Organization (CENTO) membership, severed its links with Israel and South Africa and distanced itself from its role as the Persian Gulf’s “policeman.” However, Bazargan’s moderate line was hindered by the activities of a number of revolutionary groups who tried to put through their own policy agendas causing problems in Iran's relations with other countries. For example, the Radical Left faction was opposed to Bazargan’s policy of good relations with the US. By occupying the US embassy and the hostage taking of US diplomats and other staff, these groups tried to ensure an enduring enmity between Iran and the US and the total retreat of the US from Iranian territory. The seizure of the US embassy, on 4 November 1979, was a reflection of the strong anti-imperialist sentiment of parts of the revolutionaries with great consequences for diplomatic and economic relations of the IRI with the US (Hunter 1992: 109-111);

The new rulers in Iran saw the Iranian revolution as a model that would trigger fur-

109. In 1981, when Abbas Amir-Entezam served as ambassador of the IRI in Scandinavia he was called back to Iran by a secret message and arrested, being accused of espionage for the US. In 1998, he was released from prison, but three months later rearrested. He is still in prison.

110. At the end of the 1960s, Iran became the local security force for the US in accordance with the so-called Nixon Doctrine of 1969. The Shah even referred to the role of his country as the “gendarme” (policeman) of the US in the Persian Gulf. Based on this relationship the US was, from 1972 until the Islamic revolution, willing to sell it’s most advanced and sophisticated conventional weapons to Iran (Bill 1988: 200-202).

111. The CENTO was founded in 1955 as the Middle East Treaty Organization (METO) or Baghdad Pact by Iraq, Turkey, Pakistan, Iran, and the United Kingdom. It was modelled after the North Atlantic Treaty Organization (NATO) committing its members to cooperation and mutual protection. After the military coup by the Baath Party in Iraq in 1958, Iraq withdrew from the organization which renamed itself CENTO. The organization gradually ceased to exist when Turkey occupied Cyprus leading to a withdrawal of British troops from the region. It finally ended with the Iranian Islamic revolution in 1979.
The Iranian political elite sought to advance such revolutions in neighboring countries by rhetoric, financial support, and action (e.g. Iran’s increasing influence in Lebanon through its support of Hezbullah and the annual *hajj* by Iranian pilgrims in Saudi Arabia – see chapter 5.3.1). For the new Iranian leadership Islam was a means for the world’s exploited people to combat the great powers. It accused the West of having exploited the Iranian people and threatened the culture of Iran and all other Muslims for centuries. In his New Year’s message on 21 March 1980 Khomeini declared:

“Dear friends! Be fully aware that the danger represented by the communist powers is no less than that of America: the danger that America poses is so great that if you commit the smallest oversight, you will be destroyed. Both superpowers are intent on destroying the oppressed nations of the world, and it is our duty to defend those nations. We must strive to export our Revolution throughout the world, and must abandon all idea of not doing so, for not only does Islam refuse to recognize any difference between Muslim countries, it is the champion of all oppressed people. Moreover, all the powers are intent on destroying us, and if we remain surrounded in a closed circle, we shall certainly be defeated. We must make plain our stance toward the powers and the superpowers and demonstrate to them that despite the arduous problems that burden us, our attitude to the world is dictated by our beliefs” (Khomeini 1981: 286-287).

During the same New Year’s speech Khomeini declared his support for resistance movements in the Third World:

“Once again, I declare my support for all movements and groups that are fighting to gain liberation from the superpowers of the left and the right. I declare my support for the people of Occupied Palestine and Lebanon. I vehemently condemn once more the savage occupation of Afghanistan by the aggressive plunderers of the East, and I hope that the noble Muslim people of Afghanistan will achieve victory and true independence as soon as possible, and be delivered from the clutches of the so-called champions of the working class” (Khomeini 1981: 287).

However, this guideline of the Export of the Revolution was strongest only in the first ten years after the revolution, and even then not as an ideological or revolutionary pursuit but rather as a survival strategy in the war with Iraq (Bakhash 2001: 248).

Most of the armed groups, which received financial support from Iran during the 1980s, were Shi’ite organizations in opposition to Saddam Hussein in Iraq112 or to other rulers in the Persian Gulf, or active in Lebanon, Afghanistan, and Pakistan (Ehteshami 1995; Roy 1996/1999: 191). Above this, the almost unqualified support of Iraq by the

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112. Iran had given much support to Iraqi opposition groups, especially the Supreme Council of the Islamic Revolution in Iraq (SCIRI). Its military wing, the Badr Corps, had about 16,000 members when the US attacked Iraq in 2003 (Taremi 2005: 34).
Arab states and the West played a determining role in Iran’s support of armed groups in the Middle East and beyond. In the 1990s, Iran supported Sunni groups such as the Islamic Salvation Front (FIS) in Algeria, the National Islamic Movement in Sudan, Hamas and Islamic Jihad in Palestine, the Muslim Brotherhood in Jordan, the al-Nahda Party in Tunisia and the Jihad Group in Egypt. Furthermore, they also supported the Muslims in Bosnia in the 1990s and the Islamic MORO Movement in the Philippines in the 1980s (Ehteshami 1997: 30; Taheri 1994). But, surprisingly, Iran did not intervene in the conflict between Russia and Chechnya in the 1990s; although part of the Iranian political elite consider religion an important determinant in foreign policy objectives. This proves that in Iranian foreign policy formulation national interests are of higher priority than ideological/religious ones.

The support of Islamic movements outside Iran was a matter of both conviction and calculation by the Iranian political elite. It was a means to project Iranian power abroad while strengthening its standing at home (Bakhash 2001: 249). It was also a means to strengthen Iran’s position vis a vis the US and Israel, who were both hostile to Iran owing to the IRI’s overall foreign policy objectives described above. Relations with the US had already deteriorated in late 1979 due to the hostage crisis. The Export of the Revolution failed due to two main reasons:

1. The mainly Sunni populations in the Persian Gulf states had no interest in following the Iranian Islamic revolution with a Shi’ite background;
2. Iran’s interest in overthrowing other governments declined, due to its own problems, such as the war with Iraq and the domestic economic crisis.

Although the Bazargan government ended after a short period of time, it still took quite a while before the Islamic forces could consolidate their power. Bazargan’s successor, Abolhassan Banisadr, was an Iranian nationalist and liberal Islamist with a clerical background and influenced by European (mainly French) Third World thinking. He followed a more activist non-alignment policy than Bazargan, but like Bazargan he was in favor of maintaining some ties with the West to balance off the Soviet Union (Hunter 1992: 110). In 1981, after the liberal and secular forces of the Iranian political elite had been eliminated (see chapter 2), the Radical Left faction became the dominant faction. The Radical Left faction had yet again its own interpretation of the slogan Neither East nor West. It adopted a very strict isolationist policy towards the West (Behrooz 1990: 19-20).

By 1984, a more pragmatic domestic and foreign policy orientation gradually emerged among the Iranian elite. A major aspect of the necessity to rethink the slogan Neither East nor West was the question of whether the revolution could still be exported by Iran considering the war with Iraq and the country’s great economic problems. Even Ayatollah Khomeini seemed to legitimize this trend, when he stated in a speech to IRI foreign representatives on 28 October 1984:

“The superpowers and the United States thought that Iran […] would be forced into isolation.
That did not happen and Iran’s relations with foreigners increased. Now, they argue that relations with governments are of no use and our relations should be established with the nations […] This is contrary to wisdom and shari’a. We must have relations with all the governments” (cited in Kayhan 29 October 1984).

Interestingly enough, in a book by Hashemi Rafsanjani published in early 2007, the former president notes that in 1984 Supreme Leader Khomeini was in favor of dropping the slogan “Death to America” which even now is shouted by the public during Friday Prayers or speeches by top political elite members. This announcement comes from a diary entry Hashemi Rafsanjani made on 5 July 1984 after a parliamentary session on the day before:

“Mr. Imam-Mousavi [an MP] came and proposed dropping the slogan Death to America and Death to the Soviet Union. I said we have decided in principle. The Imam [Khomeini] has agreed but we are waiting for a chance” (cited in Tait 20 August 2007).

This news, which was only picked up by local media in August 2007, has been heavily criticized by Conservative media such as the daily newspaper Kayhan. In an editorial note the editor-in chief Hossein Shariatmadari wrote:

“What he [Rafsanjani] has attributed to Imam Khomeini does not correspond with the collection of Khomeini’s proclaimed stances and his established line […] The Imam throughout his life called America ‘the Great Satan’. He believed that all the Muslims’ problems were caused by America” (cited in Tait 20 August 2007).

In the mid-1980s, the most prominent supporters of this pragmatic view of rapprochement with the US were Ali Akbar Velayati (Foreign Minister, 1981-1997) and Hashemi Rafsanjani (Speaker of the majles and later president). But also then, this new pragmatic approach to the slogan “Neither East nor West” and the “Export of the Revolution” did not come about without conflict among the members of the Iranian political elite. After the elections to the second majles, Foreign Minister Velayati came under attack from some majles members. Mortaza Razavi, a parliamentarian from Tabriz, criticized Velayati’s loose interpretation of the “Export of the Revolution” and his new approach to the West (in reaction to a visit of West Germany’s Foreign Minister Hans-Dietrich Genscher to Tehran). Another parliamentarian, Hadi Ghaffari113, criticized Velayati’s policy and, also that the majles was not involved in formulating the IRI foreign policy (Ettella’at 23 August 1984). A statement distributed in the majles even compared the

113. The clergy Hadi Ghaffari, also known as the “machine gun mullah,” held a ministerial post during Khomeini’s leadership and was responsible for cooperation with the Lebanese Hezbollah organization (“Pragmatists and Radicals Start post-Khomeini Power Struggle,” Financial Post (Canada), (25 July 1988)). He was president of the militant Iranian Ansar-e Hezbollah (Taheri 1987: 116).
foreign policy of the IRI’s government to those of “pro-Western governments” (IPD 18 September 1984).

The international isolation of Iran during the war with Iraq forced Ayatollah Khomeini to listen to Speaker of Parliament and Commander-in-Chief of the Armed Forces, Hashemi Rafsanjani, and accept United Nations Security Council Resolution (UNSCR) 598 (Moshaver 2003: 289), which called for a cease-fire with Iraq in July 1988, and helped reorient the IRI’s international policy.

5.3.1 Relations with the Middle East
After the Islamic revolution the Persian Gulf countries feared the rhetoric of parts of the Iranian political elite on the “Export of the Revolution” – especially those who had considered Iran as the guarantor of regional stability during the Shah period. Many Arab leaders saw their fears confirmed in the Islamic disturbances in Saudi Arabia in late 1979, particularly in Mecca, where armed Islamists in opposition to the Saudi ruling family occupied the Al-Masjid al-Haram (Sacred Mosque) for several days until security forces ended the occupation (Paul 1980: 3-4). These incidents and the fear of the “Export of the Revolution” caused reactions from the governments of the Persian Gulf countries. Whereby, the governments of the Persian Gulf countries followed calls for greater political participation among their citizens, with the result that in Oman, Saudi Arabia, Qatar, and the UAE consultative assemblies were established. There was a general trend back to the cultural heritage of Islam, through including more Islamic components into the educational systems, and in daily life (e.g. the prohibition of alcohol) but above all a juridical system based on the shari’a (Marschall 2003: 44).

When the war broke out between Iran and Iraq in September 1980, Western countries and the Soviet Union gave Iraq political and military support. The Western countries hoped that Saddam Hussein would be able to save the world from the “fundamentalists in Iran” (Tarock 1999: 43). At the start of the Iran-Iraq war, the Gulf States also supported Iraq logistically and financially114, though formally they had declared themselves neutral. They had no interest in ending the war, as they did not consider it a direct threat to their own security. This situation changed when, in May 1982, Iran retook Khorramshahr and entered Iraqi territory. From then on the Gulf States feared the spreading of the war to their own countries. They called for an immediate ceasefire and a compensation for Iran. Supreme Leader Khomeini rejected this proposal (Milani 1996: 86).

Despite these developments and criticism from some parts of the Iranian political elite, from the mid-1980s Iran tried to improve relations with the Gulf States. It seemed that Kuwait and Saudi Arabia were more cautious towards Iran and its friendlier approach than the smaller countries of the Gulf Cooperation Council (GCC).115 For example, Oman had

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115. The GCC was created as a new regional security organization in May 1981, shortly after the Iranian
already established friendlier relations with Iran in the early 1980s (Hooglund 2002: 165).

The already rocky relationship between Iran and Saudi Arabia deteriorated even further in the last two years of the war owing to two incidents: the 1987 hajj pilgrimage and the US reflagging Kuwaiti ships. In the first half of the 1980s, Iran sent more than 100,000 pilgrims on the hajj. Despite bans by Saudi authorities on political demonstrations, Iranian pilgrims chanted slogans such as “American Islam” or “Death to America, Death to Israel,” referring to the close ties between Saudi Arabia and the US. This caused tensions between Iran and Saudi Arabia (Hooglund 2002: 167). During the 1987 hajj, 402 pilgrims and security forces were killed in direct clashes (Marschall 2003: 46). After that, Saudi Arabia reduced the number of Iranian pilgrims admitted to the hajj.

The second event that worsened the relationship between Iran and Saudi Arabia was the US reflagging of Kuwaiti ships on 22 July 1987 in reaction to increased attacks by Iran. This action marked a shift in US policy in the Gulf and initiated the internationalization of the Iran-Iraq war. The US now officially sided with the Gulf States, including Iraq, against Iran (Marschall 2003: 88; Hooglund 2002:164).

The relations with the Soviet Union were problematic during the first ten years after the Islamic revolution but improved after the cease-fire with Iraq.

5.3.2 Relations with the Soviet Union
The long border Iran had with the Soviet Union and the fact that Iran was an important export outlet of oil and gas to the Persian Gulf gave relations between Iran and Soviet Union great significance in security terms.

In 1970, the two countries signed a fifty-year trade agreement (Madavi 1989: 197). On 12 October 1972, the Iranian Shah and his wife Farah visited Moscow to sign a friendship agreement (Ramazani 1975: 351).

The relationship was, however, limited by Iran's increasing ideological and political proximity to US interests in the region. Iran played an important role in the US global strategy developed during Nixon’s presidency (1968-1977), thus, complicating the relationship with the Soviet Union.

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116. In November 1969, President Nixon described the global strategy as follows: “First, the United States will keep all of its treaty commitments. Second, we shall provide a shield if a nuclear power threatens the freedom of a nation allied with us or of a nation whose survival we consider vital to our security. Third, in cases involving other types of aggression, we shall furnish military and economic assistance when requested in accordance with our treaty commitments. But we shall look to the nation directly threatened to assume the primary responsibility of providing the manpower for its defense” (Nixon 1969 cited in Kuniholm 1992: 320-21).

117. When Britain declared it would retreat its military forces, in 1971, east from the Suez and the Persian Gulf, the US and the Iranian Shah agreed that Iran would take over the role as gendarme from Britain. This agreement was based on the two countries’ security interests in the Persian Gulf region.
In the early revolutionary period of 1978, the Soviet Union neither sided with the Shah nor with the Iranian opposition. In late 1978 and early 1979 however, the Soviet Union decided to side with the opposition by stressing that the Iranian opposition was anti-imperialist and the Shah corrupt and a brutal dictator (Sicker 1988: 111). The Soviet invasion into Afghanistan in 1979 was considered as a threat by the Iranian government. Nevertheless during the hostage crisis, when the US and EU member countries were imposing trade sanctions on Iran, the Soviet Union concluded a new economic co-operation agreement with Iran (Khaleej Times 25 and 27 April 1980). During the Iran-Iraq war, when Western countries sided with Iraq, the Soviet Union, though stating its neutrality, sided with Iran arguing that only the US could benefit if Iran and the Soviet Union were hostile to each other (The Guardian 22 March 1980; TASS 30 September 1980).

The Soviet Union halted arms sales to Iraq and offered arms shipments to Iran. Iran, however, was already receiving arms from Soviet allies like Syria, Libya, and North Korea (Sicker 1988: 118). When the Iranian military forces moved into Iraq the Soviet Union restarted arms sales to Iraq (Sick 1987: 709).

Furthermore, the relations between Iran and the Soviet Union were complicated when Britain handed over to Iran documents it had received from the Vice Consul of the Soviet Union in Tehran. These documents detailed the activities of the Soviet intelligence community in Tehran and included the names of members of the Tudeh Party. When Iran had received the documents it immediately arrested the members of the Tudeh party (Sciolino 1983). In May 1983, 18 Soviet diplomats were expelled from Iran (Khalizad 12 May 1983), marking the lowest point in Iran-Soviet relations since the Islamic revolution.

In the mid-1980s, the Iranian government tried to restore relations with the Soviet Union. However, there were contradicting ideas about this relationship. While the Iranian Prime Minister Mir-Hossein Mousavi, was in favor of good relations with the Soviet Union, not least to complete the Isfahan power station (Foreign Broadcasts Information Service, South Asia, 9 July 1985: 14-15), the Parliamentary Speaker, Rafsanjani, preferred the development of cooperation with China and the purchase of Chinese missiles (Foreign Broadcasts Information Service, South Asia, 18 July 1985: 16).

The cease-fire with Iraq, in 1988, gave the Iran-Soviet Union relationship a new impetus. In 1989, Rafsanjani, then still Parliamentary Speaker, went to Baku to sign an economic and trade agreement with the Soviet Union worth US$15 billion. This agreement was meant to start in 1990, with the restart of gas exports from Iran to the Soviet Union, and run for 10 years. This trip was also important for Hashemi Rafsanjani personally, as it took place shortly before the presidential elections of 1989 (Varasteh 1991: 58).

5.3.3. Relations with the United States

The Iranian Islamic revolution came as a surprise to the US, transforming a regional ally of the US into an enemy. The first and most crucial event to complicate Iran-US
relations was the seizure of the US embassy in Tehran in 1979. On 14 November 1979, the organization “Muslim Students following the Imam’s Line” took 53 United States diplomats and staff at the US Embassy in Tehran hostage for 444 days, with backing from the Revolutionary Council. According to Gary Sick (1987: 698-699), the hostage taking was a means to consolidate Khomeini’s power rather than being aimed directly against the US. It, thus, had its origins in internal developments in Iran and less so in US or other Western powers activities.

In a first reaction to the hostage taking the US government suspended military exports to Iran and put a ban on the imports of Iranian oil. There was no embargo on food shipments. During that period, 1979-1980, Iran imported almost 3 million tons of farm products (30 percent of its total needs) from the US. On 15 November 1979, the American Farm Bureau announced that it would support an embargo on food exports to Iran. In the coming months diplomatic relations between Iran and the US worsened and in April 1980 Washington finally imposed a trade embargo on Iran. All imports and exports were banned (except for food and medicine). In 1984 the US imposed new sanctions on Iran under the Arms Export Control Act and the Export Administration Act accusing the country of international terrorism. The Foreign Relations Authorization Act of 1988 and 1989 prohibited the shipment of arms to Iran and the Iran-Iraq Arms non-Proliferation Act of 1992 tightened the various prohibitions on technology transfer to Iran (Amuzegar 1993: 146-47).

In his State of Union speech on 23 January 1980, President Carter had announced the Carter Doctrine. The Carter Doctrine was an answer to the Soviet invasion of Afghanistan in December 1979. President Carter stated that the US would use force against anyone who would go against the US interests in the Persian Gulf region. Carter had already deployed a small force in Saudi Arabia and the Indian Ocean in January and March 1979. AWACS were stationed in Saudi Arabia as well as B-52 bombers over-flying the Persian Gulf. The US navy stationed twenty-five ships in the Persian Gulf including three aircraft carriers in the Indian Ocean (Palmer 1992: 106-107). By October 1980, the number of warships had gone up to thirty-two (Acharya 1989: 129). This episode was the beginning of direct US military presence in the Persian Gulf.

When Ronald Reagan (1981-1989) took office, the departing President Jimmy Carter had not yet determined a foreign policy strategy towards the IRI, and also President Reagan failed to develop a consistent policy towards Iran. After the hostage taking at the US embassy in Tehran in 1979, the US probably would have preferred to put Iran...

119. The first US-led war against Iraq to reverse the invasion and occupation of Kuwait by Iraq (1990-1991), can be considered a direct application of the Doctrine, as reaction to the actions of Saddam Hussein and the potential threat they posed to the security of oil from Kuwait and Saudi Arabia (Bromley 2007: 79).
aside, but as Hooglund (1991: 31-33) states the US could not ignore Iran for four main reasons:

(1) The country was strategically important for access to the Persian Gulf’s oil resources;

(2) It shared a long border with the Soviet Union as well as with Afghanistan, which had been invaded by the Soviets in 1979;

(3) Some US friendly Arab states, particularly Saudi Arabia, complained that the US had not done enough to protect the Shah from the Islamic revolutionaries. They feared that the same could happen to them. The Reagan administration promised to intervene should an Arab ally be threatened by Islamists;

(4) The fourth reason was Lebanon, which after its invasion by Israel in 1982 and US military intervention there, was kept in a sectarian civil war, with Iran playing a prominent role in supporting the Hezbullah organization.

Although relations between Iran and the US had been put on hold after the hostage taking of US embassy staff by Iranian revolutionaries, in the mid-1980s the US was shaken by a great scandal, the so-called “Iran Contra Affair.” In the mid-1980s the US provided Iran, despite the trade embargo, with intelligence briefings on both Iraq and the Soviet Union and some 1,500 TOW missiles and components for its US built Hawk air defense system (Sick 1987: 703). When the US arms sales to Iran were made public, in November 1986, at a time when Saudi Arabia and Kuwait were negotiating with the US on more US military presence in the Persian Gulf, the two countries were greatly astonished to hear about the US arms deals with Iran (Hooglund 1991: 42).

In autumn 1986, Kuwait had asked the US to let part of its tanker fleet run under the American flag to prevent Iranian attacks. The US at first rejected this request (Gamlen 1989: 10-11). When the Soviet Union agreed to assist Kuwait and had also established diplomatic relations with both Oman and the UAE, the US gained the impression that the Soviet Union was increasing its presence in the Persian Gulf and accepted Kuwait’s request (Gamlen 1989: 12-13; Rubin 1987-88: 125). In late 1987, the US also decided to increase its naval presence in the region. By the end of the summer, the US had deployed twenty-eight ships in the Persian Gulf and the Gulf of Oman. This was the greatest US naval presence in the area since World War II (Hooglund 1991: 43).

The end of the Iran-Iraq War did not change the Iran-US relationship. What did change however was the foreign policy orientation in Iran when Hashemi Rafsanjani became President. This had several reasons:

(1) First of all, the end of the Iran-Iraq war changed Iran’s confrontational position towards the West;

(2) The need for foreign capital and technical expertise to carry out economic recon-
struction required the adoption of a more pragmatic foreign policy towards the West. Therefore, Iran's foreign policy in the IRI's second decade was to restore stability at home and in the Persian Gulf, and to re integrate Iran into the global economy (Tarock 1999: 43).

(3) Other contributing factors were the death of Khomeini in 1989 and (4) The break-up of the Soviet Union in 1991.

5.4 Foreign Policy during Rafsanjani’s Presidency (1989-1997)
The rise of Ayatollah Khamenei to supreme leader and Hashemi Rafsanjani to president determined the formulation of Iran’s new policy priorities based on national interest rather than ideology. Additionally, in July 1989, the Iranian constitution was adapted, giving the president more decision-making power. Now Rafsanjani could focus on economic development and post-war reconstruction (Marschall 2003: 101; Roshandel 2000: 130).

The end of the Iran-Iraq War in 1988, the death of Khomeini in 1989, the collapse of the Soviet Union in 1991, and the larger US military presence in the Persian Gulf since the Kuwaiti crisis in 1990-1991, had a major impact on Iran’s basic strategic outlook. President Rafsanjani did not want to continue Khomeini’s foreign policy and also did not promote the “Export of the Revolution.” He considered the slogan counterproductive to solving the IRI’s economic problems. Instead, President Rafsanjani aimed at reconstructing the Iranian economy through cooperation with advanced industrial states and Persian Gulf countries. The foreign policy reorientation during Rafsanjani’s presidency included the establishment of a “Critical Dialogue” with the EU in 1992; active engagement with neighboring states to discuss the crises in Nagorno-Karabakh, Afghanistan, and Tajikistan; and a cautious rapprochement with the Arab Gulf

121. During the armed conflict between Azerbaijan and Armenia on Nagorno-Karabakh, Iran was able to reach several short-term cease-fire agreements. Following the negotiations under the sponsorship of the “Minsk Group” of the Organization for Security and Cooperation in Europe (OSCE), in Florida in April 2001, the French head of the Minsk Group, during a visit to Tehran, invited Iran to take part in the negotiations (Tehran Times 26 April 2001: 1). Iran aims to re-establish the status quo in the Caucasus regarding its disputes with Azerbaijan on the division of the Caspian Sea and its concerns regarding the Azerbaijan-Turkey-Israel nexus in the Caspian region (Afrasiabi & Maleki 2003: 258).

122. Iran played a constructive role at the Bonn meeting of the Afghan exiled leadership that led to the 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 US mediators to intervene when the talks stalled at one point (For more information on Iran’s policy on Afghanistan after September 11 see Afrasiabi 2002: 15-17).

123. In the Tajik civil war Iran played a decisive role in the reaching of a cease-fire agreement between the warring Tajik factions in Tehran in 1994. In August 1995, Iran hosted a peace summit with Tajikistan’s president, Imomali Rahmon, and Abdollah Nouri, the leader of Tajikistan’s Islamic Movement. During this meeting both sides agreed to extend the cease-fire. In 1997, Iran participated 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. Iran also hosted several other peace negotiations, a consultative conference, and two meetings between Rahmanov and Nouri (Kamoulkin & Barnes 2001: 71, 92, Tarock 1997: 185-200).
States, particularly Saudi Arabia as the most powerful GCC and Organization of Oil Exporting Countries (OPEC) member country.

5.4.1 Relations with the Middle East

The security of the Persian Gulf became a top priority of President Rafsanjani’s foreign policy. Iran needed the Persian Gulf countries to assure the free flow of oil. Iran depends on the Persian Gulf for its international trade. Iran’s main ports, through which more than 90 percent of Iranian international trade, including oil export, occurs, are all located on the Persian Gulf (Amirahmadi 1993: 100; Milani 1996: 93). It also needed OPEC to stabilize oil prices to increase its oil revenues (Milani 1994: 335-336), on which Iran depended to carry out the economic reform program. Rafsanjani also hoped that good relations with Persian Gulf countries would increase investments from Arab countries and open up Arab markets for Iranian products. In fact, after the ceasefire, Iran was able to substantially improve its trade relations with its smaller Gulf neighbors, receive investment from Gulf countries, and create a free trade zone on its islands of Kish and Qeshm to attract FDI (Milani 1996: 91).

The improved relations between Iran and Persian Gulf countries were evident during the GCC December 1990 summit in Qatar, when the organization declared that it would welcome future cooperation with Iran and the country’s participation in regional security arrangements (Ramazani 1992).

It is interesting to note that the regional policies of Iran during Rafsanjani’s presidency resembled the policy of the Shah in the 1960s and 1970s, especially stressing Iran’s role as a major power in the Persian Gulf region.

In November 1991, Rafsanjani suggested a joint regional market for economic and technical cooperation between GCC countries and Iran, which could possibly lead to a comprehensive security arrangement (FBIS/NES/55 14 November 1991). All political factions among the Iranian political elite supported the idea of a regional security arrangement. They even considered the possible inclusion of the US into such an arrangement in the future. One of the principal figures involved in these discussions was Mohammad Javad Larijani (Marschall 2003: 171), then a member of the majles, now Director of the Institute for Studies in Theoretical Physics and Mathematics in Tehran. He is also the brother of Ali Larijani, who was head of the SNSC until his resignation on 20 October 2007.

The improved relations between Iran and GCC countries during and after the Gulf crisis in 1990-1991, and the possible integration of Iran into a regional security arrangement discussed during the GCC summit in Qatar, raised Iran’s hope of becoming an active party in Persian Gulf security. But it soon became obvious that the GCC preferred the presence of foreign forces in the Persian Gulf to a regional security arrangement. In February 1991, the six GCC countries, plus Syria and Egypt met in Cairo to discuss the possibility of establishing an organization for economic, political, and security cooperation and coordination (Egypt Ministry of Information, State Information Service March 1991: 15). One month later, the “six-plus-two” signed the Damascus Declara-
tion, according to which Syrian and Egyptian troops were to be stationed in the Gulf in return for US$10 billion (Milani 1994: 344). Cairo, in particular, was opposed to Iran’s active role in a regional security arrangement124 (The Independent 21 February 1991).

The Iranian political elite objected to its exclusion from the security debate and were very disappointed with the Damascus Declaration, especially Egypt’s role in it (Gargash 1996: 144). Syrian President Hafiz Asad assured the Iranian Foreign Minister Velayati that Iran would play an important role in a post-Gulf War security order. Even President George Bush stated that Iran was an important power and should not be treated as an enemy by Persian Gulf countries (Keesing’s March 1991: 38119). Sultan Qabus of Oman, Head of the GCC committee for regional security arrangements, told Foreign Minister Velayati, a collective security arrangement should first include the GCC countries and later all Gulf countries (FBIS/NES/10 19 March 1991). Oman favored a regional security arrangement including Iran, probably as a counterweight to Saudi Arabia. During a visit to Tehran in March 1992, Omani Foreign Minister Yusuf bin Alawi bin Abdullah talked about the possibility of giving Iran a consultative role in establishing a regional security arrangement (Gulf News 10 March 1992).

Already in May 1991, the Damascus Declaration had ceased to exist and Egypt began withdrawing troops from Saudi Arabia and Kuwait. GCC countries then relied on Western military protection (Marschall 2003: 117). Negotiations to include Iran in a regional security arrangement most likely failed because of the four following reasons:

1. GCC countries feared Iran’s possible aspirations to becoming a dominant regional actor;
2. The active opposition of the US to include Iran in such an arrangement;
3. The different priorities of the Gulf states and their disagreement on a common threat made a collective security agreement impossible;
4. The regional crisis that broke out in 1992 over three small but strategically important islands overlooking the Straits of Hormuz.

In 1992, a series of counter accusations from Iran and the UAE, over the ownership of the islands Abu Musa and Greater and Lesser Tunb125, began after Iran had, in April and August 1992, expelled and denied entry to non-UAE citizens working on the jointly administered Abu Musa Island (Marschall 2003: 121). Until now the conflict has not been resolved.

124. In 1978, Egypt and Israel signed the Camp David Accord, according to which Egypt accepted the existence of an Israel state and autonomy for the Palestinian areas. Many Arab countries were furious about Egypt’s part in the Accord and withdrew from relations with the country. The Camp David Accord was an important obstacle to improve relations between Iran and Egypt.

125. The dispute over the islands dates back to the end of the 19th century when Britain, in 1887, took over the islands against Iran’s claim that they were under its jurisdiction. When the British left the Persian Gulf region in 1971 the two countries agreed Iran would share sovereignty over Abu Musa with Sharjah, and have sole sovereignty over the two other islands. Iran accepted the formation of the UAE and the independence of Bahrain in May 1970, but expected that in return it would get complete control of the islands (Milani 1996: 97).
After the Abu Musa crisis, the Persian Gulf countries turned towards the US for military protection. Each country searched unilaterally for its own security. A series of defense agreements were signed with the US; the first country to sign one was Kuwait in September 1991 (Bashir and Wright 1992: 110). The US not only sold huge amounts of modern weapons to GCC countries, but also signed bilateral agreements that allowed the US to use their waters and carry out joint military training exercises (Milani 1996: 94). Iran felt threatened by the security agreements signed between Persian Gulf countries and the US. Deputy Foreign Minister Besharati stated:

“Our neighbors, one after the other, are signing defense agreements with Western countries. So why should we not buy military hardware” (Kayhan 3 December 1992)?

GCC countries, except for Kuwait, agreed that the US should not be permanently based in the region, but they did want them to remain engaged in the Persian Gulf in case of emergency (Katzman 1993: 199).

During a meeting of the Organization of Islamic Conference (OIC), in early December 1997, the IRI obtained the presidency of the OIC thanks to the support of Saudi Arabia. The participation of Saudi Arabia’s King Abdullah in the Tehran meeting itself was considered a success in the rapprochement between the two countries. In February and March 1998 former President Rafsanjani visited Saudi Arabia. He was received by the King and the Crown Prince and spent 15 days there. Two weeks earlier, this honorary reception had been denied to US Secretary of State Madeleine Albright when she visited Saudi Arabia. The rapprochement policy between the two countries reached its peak in May 1999 during President Khatami’s visit to Saudi Arabia (Reissner 1999: 47-49; Marschall 2003: 144). President Khatami’s visit was made possible because of economic problems for both countries, due to the decline of oil prices to below US$13 per barrel. Iran and Saudi Arabia discussed the stabilization of oil prices, an agreement related to oil production and output, and decreasing the negative effects of oil price fluctuations through cooperation in OPEC (Marschall 2003: 144-45).

5.4.2 Relations with Central Eurasia and Russia
The deterioration of Iran’s relations with GCC countries during 1992, when no consensus could be found regarding a regional security arrangement, coincided with the disintegration of the Soviet Union, which made a reorientation of Iran’s foreign policy pos-
The Iranian political elite 162

sible. Now, according to Ramazani, the slogan “Neither East nor West” was replaced by “Both North and South” (Ramazani 1992: 393), or a so-called “de-Arabization” of Iran’s foreign policy (Marschall 2003).

From the Iranian point of view, a regional security arrangement was no longer limited solely to Persian Gulf countries, but also included the former Soviet republics of CEA. Iranian policy-makers stated that Iran should no longer focus on Persian Gulf countries, if the latter were not willing to give up their American orientation. Iran should rather stress the importance of countries such as India, Pakistan, Afghanistan, CEA, and China, which were more sympathetic to Iran (Marschall 2003: 119). The so-called “de-Arabization” of Iran’s foreign policy developed in reaction to US policy in the Persian Gulf and the Arab-Israeli peace process that started in October 1991. Some Iranian intellectuals and technocrats in the foreign ministry, as well as President Rafsanjani, promoted this principle. Supreme Leader Khamenei, in contrast, supported a trend that called for a stronger Arabization of Iranian foreign policy (Marschall 2003: 118). The Rafsanjani government tried to find a balance between these two views and promoted Iran as a bridge between the Persian Gulf and CEA.

The disintegration of the Soviet Union in 1991 was of great geopolitical importance for Iran. While roads to CEA and Europe had been totally blocked during the Soviet era, since 1991 the door towards Europe has been reopened (Nahavandi 1996: 2). Iran recognized the independence of CEA countries in 1991, hoping it could profit economically by re-establishing good relations. President Rafsanjani repeatedly declared that with the independence of CEA states, a new “economic trade center” had emerged. Similarly, Iran is a major link for CEA countries to international markets. In addition to bilateral and multilateral transport agreements between Iran and CEA countries, the Economic Cooperation Organization (ECO)128 is a forum for regional cooperation. Trade, transport, energy, and industrial/agricultural cooperation constitute ECO’s core priority areas. Since 1993, ECO members have concluded cooperative agreements on transport, transit trade, and the simplification of visa procedures, anti-smuggling measures, and customs fraud. Despite these many agreements, ECO’s record in promoting regional trade is not very impressive. To promote trade integration, ECO member countries have to overcome a variety of problems, the most important of which is the absence of a dense network of transportation links, e.g. to export oil and gas resources to world markets, and limited financial resources.

Iran’s position as a strategic player in the global oil business has increased. Iran is

128. ECO was first established in 1977 by Iran, Turkey, and Pakistan as Regional Cooperation and Development (RCD). The organization survived until the Iranian Islamic revolution in 1979. In 1985, the organization was re-established as ECO. ECO’s breakthrough took place in 1992 at the Tehran Summit, which paved the way for the expansion of the organization from three to ten members, including Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, and Afghanistan. ECO is a large economic cooperation organization. Its member states together have a population of 300 million and cover an area of seven million square kilometers. See also the organization’s website http://www.ecosecretariat.org.
one of the five Caspian littoral states and is thus a strategic link between the Persian Gulf and the Caspian region (Ghezelbash 2005: 25-26; Rakel 2004/2005), which increases the value of cooperating with it. With oil demands rising in East Asia, in general, and in China, in particular, Iran tries to strengthen its position not only among regional producer countries but also in world oil markets. At times, it might even set the main consumers – the US, the EU, and China – against each other.

Iran’s chief foreign policy aim in CEA has been to prevent the US from filling the vacuum that was left in CEA after 1991. Iran knows that it would not be able to fill this vacuum by itself and, therefore, has played what Roy has called the “Russian card” (Roy 1998) on a North-South strategic axis (Moscow-Yerevan-Tehran) in opposition to the East-West strategic axis (Washington-Ankara-Baku-Tashkent). This strategic double axis is obvious in the competition between various existing and proposed oil pipelines: East-West pipelines for the US (Baku-Tblisi-Ceyhan Pipeline), and North-East pipelines for Russia and Iran (Baku-Novorossiysk-Caspian Pipeline Consortium connections with Iranian networks to the Persian Gulf). A third axis includes China and India to the east, with the recently (December 2005) completed Kazakhstan-China pipeline129, the planned Turkmenistan-Afghanistan-Pakistan (TAP) gas pipeline, and the Iran-Pakistan-India (IPI) gas pipeline project. The US opposition to a more active involvement of Iran in CEA has hampered the strengthening of ties between Iran and the region. Another important obstacle is the not yet settled dispute over the legal regime of the Caspian Sea.130

A factor that could complicate Iran’s contacts with the other four Caspian littoral states is its relations with Azerbaijan. The establishment of the Republic of Azerbaijan in 1991 stimulated Azerbaijani in Iran to identify with the Azerbaijani ethnic group, but not necessarily with the new state itself. While an increasing expression of Azerbaijani identity can be noted in Iran since the 1990s only a few have demanded a secession of the Azerbaijani provinces from Iran and the joining of the Republic of Azerbaijan131. Rather, Azerbaijani demand more cultural rights within Iran, as they did during the Constitutional and the Islamic revolutions. The emergence of the Republic of Azerbai-

129. The pipeline was inaugurated in July 2006. It connects Atasu in northern Kazakhstan with Alashakou in Xinjiang and has a length of 620 miles. In July 2006, China began receiving crude oil imports from its first transnational oil pipeline. The pipeline was constructed by the Chinese National Petroleum Company and Kazakhstan’s KazTransOil. The pipeline has a capacity of transporting 200,000 bbl/d of crude oil, and possibly 400,000 bbl/d by 2010. Of the imported oil 50 percent come from Russia and 50 percent from Kazakhstan (EIA August 2006).

130. On the pipeline and Caspian legal regime disputes, see Amineh 2003: chs. 9 and 10.

131. From the 6th century BCE Azerbaijan had mainly been ruled by Persian Empires. From the early 19th century, intense military, diplomatic, and economic pressure began to be exerted on Azerbaijan by the Russians. After two wars with the Persian Qajar Empire, in 1828 Azerbaijan was divided between the Russian and the Persian Empires according to the Treaty of Turkmanchai. Based on this treaty- what is present-day Republic of Azerbaijan- became part of the Russian Empire and the rest remained within the Persian Empire. The Treaty of Turkmanchai completed the present-day division of political separation of the Azerbaijani.
Iran, however, has had great influence on the relations between the Republic of Azerbaijan and Iran, and Iran's policy in the Caucasus. Iran fears that the emergence of a strong Republic of Azerbaijan could have a great effect on the rise of identity politics of its own Azerbaijani population. This fear, for example, has led to Iran's support of Armenia in the conflict of Nagorno-Karabakh. In 1992, the Iranian government decided to split East Azerbaijan province and create a new province in the Ardabil area. The names Salaban, Sahand, and Ardabil were suggested for this new province. Many Azerbaijanis objected to giving up the name Azerbaijan for this territory, even those who are part of the ruling elite in Iran and, thus, have a strong identification with Iran. In the end, the government prevailed and in April 1993 the new province was named Ardabil Province.

5.4.3 Relations with the United States

Three factors play an important role in US policy towards Iran since the end of the Cold War:

1. The US is interested in safeguarding access to reliable oil and gas sources for Europe, Japan, and others countries, especially since rapidly industrializing China and India have become competitors for exactly these resources (Amineh and Houweling 2004/2005: 90-92);

2. The US objects to the construction of any oil or gas pipeline from the Caspian region that would transit Iran, to prevent an Iran, Russia, and China strategic alliance (Amineh and Houweling 2004/2005: 209-213);

3. The relations between the US and Israel have great influence on policy-making in Washington. In addition, other issues such as terrorism, the Middle East Peace Process, and weapons of mass destruction (WMD) play a role.

In 1992, the US Administration passed the Iran Non-Proliferation Act, followed by the Iran-Libya Sanctions Act (ILSA) in 1995, that prohibited even non-US companies from investing in the Iranian and Libyan oil and gas sector (Karbassian 2000: 632). President George W. Bush extended the law in 2001 until 2006, punishing those oil companies that would spend US$20 million or more in Iran or Libya (Lorenzetti 2002). On 30 September 2006, President George W. Bush signed the extension of the law until 31 December 2011. Since 2006 it has changed its name to Iran Sanctions Act (ISA) (Katzman 25 January 2007: 4). When introducing the sanctions the US aim was to isolate Iran, keep it from the acquisition of nuclear weapons, influence the Arab-Islamic cooperation with the USSR.

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133. The ILSA imposed sanctions on non-United States companies investing more than US$40 million annually in the Iranian and Libyan oil and gas sectors. The amount dropped to US$20 million one year after enactment for those countries that did not undertake measures against Iran's actions in supporting international terrorism and pursuit of weapons of mass destruction, such as the imposition of sanctions for a minimum of 2 years.
raeli peace process, and demand it stop supporting international terrorism. The EU refusal to follow the US in its sanctions provoked a crisis in the relations between the US and the EU (see chapter 7.3).

President Clinton defended the sanctions as follows:

“You cannot do business with countries that practice commerce with you by day, while funding or protecting terrorists who will kill you or your innocent civilians by the night” (quoted in the Guardian Weekly 11 August 1996).

While the Clinton Administration (1993-2001) seemed to be more flexible towards Iran than other administrations, its general policy towards Iran did not change. The US kept its sanctions on Iran, blocked Iran’s access to international financial institutions, and put pressure on Europe, Russia, and other countries with regard to tighter economic relations with Iran.

President Clinton established America’s Persian Gulf policy almost immediately upon assuming office. During its first year, his administration issued numerous policy objectives culminating, on 18 May 1993, in the “dual containment” policy towards Iran and Iraq (Lenczowski 1994: 52). The objective of “dual containment” was to isolate these regimes politically, economically, and militarily. The dual containment was related to three events:

1. The end of the Cold War allowed the US to pursue a more discriminatory policy; previously, Iran and Iraq were used by the two superpowers as allies, with the Iraqi regime leaning toward the Soviets and Iran (until the Islamic revolution) toward the US;
2. The Palestine-Israeli conflict and Iranian support for Hamas and Hezbullah in Lebanon;
3. The political outcome of the war against Iraq over Kuwait; although the war was a clear military victory for coalition forces, its political aftermath was considered a failure by many observers because Saddam Hussein remained in power;

For Iran the invasion of Kuwait by Iraq, on 2 August 1990, marked a major change in the relationship between Iran and all Gulf states. Instead of Iran, now Iraq was the immediate threat to the security and integrity of Persian Gulf countries. Iran was the

136. During the Clinton Administration some minor trade concessions were allowed such as the import of Iranian pistachio nuts and carpets. At that time US Secretary of State Madeleine Albright also acknowledged US involvement in the 1953 military coup against Prime Minister Mohammad Mosaddeq (Gasiorowski and Byrne 2004).
first Persian Gulf country to condemn the invasion (Mohtashem 1993; Milani 1996: 92; Quilliam 2003: 41). Thus, in 1990, Iran stood on the side of the West and Kuwait against Iraq. As Iran declared its neutrality during the Kuwait crisis and the war, and even suggested mediating the conflict, other Persian Gulf states became more willing to cooperate with Iran.

There was great opposition to Rafsanjani’s policy among the Iranian political elite, some of whom wanted to support Iraq in the conflict with the US, among them Ahmad Khomeini, the son of Ayatollah Khomeini. He stated that the US only wanted to dominate the Persian Gulf region through stationing its troops there and if it did, Iran would react with its revolutionary troops (Marschall 2003: 108). Both former Interior Minister Ali Akbar Mohtashami and Supreme Leader Khamenei called for a *jihad* (holy war) against the US (*The Times* 28 September 1990; FBIS/NES/52 13 September 1990). Rafsanjani warned allying with Iraq could backfire on Iran or would be “suicide” for Iran. He argued that the great military build-up of the US in the Persian Gulf region could also be turned against Iran (*International Herald Tribune* 21 January 1991; Middle East International 25 January 1991; Keesing’s, January 1991: 37942). Marschall explains that Khamenei’s position on this issue could be seen as a means to deprive the Radical Left faction, calling for a confrontational policy towards the US, of the possibility to attack the government. She, however, believes that he rather aimed at strengthening his own position as spiritual leader (Marschall 2003: 108-09).

A consequence of the invasion of Kuwait by Iraq was a late capitulation of Iraq to Iran with regard to their war in 1980-1988. Iraq accepted the full implementation of the Security Council Resolution (SCR) 598 agreement and the Algiers Agreement of 1975 on their border dispute. In December 1991 the UN Secretary General, Perez de Cuellar, made clear that Iraq had been the aggressor in the Iran-Iraq war. In a note to Rafsanjani, Saddam Hussein wrote:

“Now that you have gotten everything that you have asked for, we must work together to expel the foreign troops” (cited in Milani 1996: 92).

President Rafsanjani accepted this peace offer, but rejected any collaboration with Iraq.

In general, it can be said that Iran’s foreign policy under Rafsanjani remained Islamist-based, non-aligned, and pro-South. Iran’s change in diplomatic policy was related to its devastating economic and military situation, but not to an overall reorientation in geopolitical culture. Rafsanjani no longer promoted the two main principles of the Islamic revolution “Neither East nor West” and the “Export of the Revolution” and was able to improve relations with the Persian Gulf states and the EU.

However, the domestic struggle for power among the Iranian political elite and, especially, the influence of the Conservative faction on foreign policy formulation in Iran hampered an overall foreign policy reform. The continued primacy of revolutionary pas-
sions among some members of the Iranian political elite prevented a fundamental break with Khomeini’s “Export of the Revolution.” Therefore, substantive revisions of Iran’s foreign policy orientation did not take place before the Reformist, Mohammad Khatami, was elected president in 1997. President Khatami had greater popular domestic legitimacy and acceptance abroad than President Rafsanjani had. But President Rafsanjani also left a clear list of priorities for the incoming president: stability in the Persian Gulf region, reintegration of Iran into the global economy, and the active participation of Iran in global and regional organizations such as the UN, the OIC, and the ECO.

5.5 Foreign Policy during Khatami’s Presidency (1997-2005)
Mohammad Khatami, as a protagonist of the Reformist faction, was first elected in 1997, because he focused on domestic issues (the popular longings for socio-political changes) instead of foreign policy propaganda. Under Khatami foreign policy was no longer used to cover up the economic crisis at home, but rather as a means to address domestic political problems (Chubin 2002: 18). President Khatami added a democratic dimension to the IRI’s geopolitical culture and its foreign policy orientation. Though his electoral campaign focused on political and economic reform and not on foreign policy, it can be said that this reform program had also important foreign policy implications. His promotion of “civil society,” “the rule of law,” and other basic principles of a democratic political system were accompanied by an urge to reintegrate Iran into the international system. This implied, as Ramazani sees it that for President Khatami democracy in Iran and peace with the international community “were two sides of the same coin” (Ramazani Spring 1998).

Despite their somewhat varying visions of Iran’s domestic politics, the Reformists and the Conservatives do not have totally different concepts of the country’s foreign policy priorities. The Reformists do not enter into debate with the Conservatives on such delicate and interrelated issues as weapons of mass destruction (WMD), terrorism, and the Israel-Palestine conflict. They do differ on how to achieve their goals. The Conservatives are preoccupied with using foreign policy to preserve and even strengthen the political regime without allowing the Reformist faction to pluck the fruits of this policy. The Reformists, meanwhile, are mainly concerned with using foreign policy to improve the country’s position in the global economy and to implement domestic reforms (Chubin 2002: 22).

President Khatami’s foreign policy focused on the expansion of trade, co-operative security measures, and diplomatic dialogue to bring about economic development and put Iran back as an active actor in international affairs (Chubin 2002: 17). Although, during his presidency, he has had many difficulties at home to put through his policies, it can be claimed that President Khatami was quite successful internationally. President Khatami expanded and intensified relations with Russia, China, the EU and its member states, and the countries in the Persian Gulf area. He even ceased tensions between Iran and the US until President George W. Bush included the country to his “axis of evil” in 2001 (Tarock 2002).
5.5.1 Relations with the Middle East
Like former President Rafsanjani, President Khatami realized that his country needed good relations with Persian Gulf countries, especially with Saudi Arabia, in order to encourage regional peace and stability, a common policy in OPEC, investment by Gulf countries, keeping Iraq under control, and improving relations with Western countries (Marschall 2003: 142).

Following former President Rafsanjani, Iran’s main foreign policy strategy under President Khatami was to establish friendlier relations with the Arab states of the Persian Gulf. On his first foreign travel in 1997, Iran’s Foreign Minister Kamal Kharrazi went to several GCC capitals in anticipation of the OIC summit in Tehran in December 1997 (Baker Institute 1998).

The OIC summit was important for Iran for at least two reasons:
1. The date of the summit was at a time when many Arab countries expressed their disappointment with the lack of progress in implementing the Oslo Peace Accords\(^\text{137}\) between the Palestinians and the Israelis. Even Egypt and Saudi Arabia – the most pro-western countries among them – accused the US of not putting enough pressure on Israel to speed up the peace process;
2. It gave Iran the opportunity to present itself in a friendly manner to the Gulf countries, after years of tension. Very important for the summit was that the Emir of Kuwait and Crown Prince Abdullah of Saudi Arabia participated in it (Tarock 2002). Crown Prince Abdullah praised President Khatami and Iran’s historic contribution to civilization (Baker Institute 1998). After the summit, former President Rafsanjani spent two weeks in Saudi Arabia and said upon his return that a “mountain of ice” had melted between Iran and Saudi Arabia. President Khatami visited Riyadh in mid-May 1999.

A possible manifestation of the improved relationship between Iran and Saudi Arabia was the latter’s rejection of US accusations of Iranian involvement in the bombing of US military housing, at al-Khobar in Saudi Arabia in 1996, which killed 19 American servicemen and wounded 370 others (Tarock 2002). Furthermore, the two countries created a joint cooperation commission and expressed their interest in promoting private sector activities in their countries. Iran also lifted visa requirements for Saudi citizens visiting its country (Baker Institute 1998). Saudi Arabia realized that it is not Shi’ite Islamic groups supported by Iran that threatened its political stability – one of the reasons why Saudi Arabia supported Iraq in the war against Iran – but domestic Sunni radical Islamist groups. Although parts of the Iranian political elite give support to Hezbullah and Hamas, Iran feels equally threatened by transnational radical Islamist organizations, such as al-Qaeda (Kraig 2006: 93-94).

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\(^{137}\) The Declaration of Principles on Interim Self-Government Arrangements or Declaration of Principles (DOP), or Oslo Peace Accords were finalized in Oslo on 20 August 1993 and signed in Washington on 13 September of the same year. The Accords foresaw a withdrawal of Israeli military from parts of the Gaza Strip and West Bank and declared Palestinian right of self-government in these areas through the creation of a Palestinian Authority.
Though relations with Saudi Arabia seem to have improved, potential tensions remain, such as the still unresolved dispute between Iran and the UAE over the ownership of the Abu Musa and Greater and Lesser Tunb Islands.

The wars in Afghanistan and in Iraq have also had important affects on Iran. Though the Iranian government welcomed the overthrowing of the Taliban regime and Saddam Hussein, it had warned the UN Security Council already, before the war in Iraq, about its possible consequences:

“We all have an idea of the unparallel disaster that a possible war could bring about. The humanitarian crisis in Iraq and in the neighborhood countries might take catastrophic dimensions. The threat of disintegration of Iraq and instability in the region is significant. The fact that extremism stands to benefit from the cost of a war is undeniable.”

Historically, Iran always considered stability in the Persian Gulf region as vital to its own security. It therefore played a prominent role as a mediator in the civil war in Tajikistan, and post-war political stabilization in Afghanistan, especially in the Bonn Conference in November 2001. This was also true for Iraq. Though Iran opposed US invasion in Iraq, it was the first country to recognize the post-war Iraqi Governing Council. Since then it has had good relations with the Iraqi government (Ghosh 25 August 2006; Knickmeyer 4 October 2006).

Another important issue with regard to regional security is the WMD problem. The Iranian political elite are aware that from a strategic point of view WMD does neither safeguard security at home nor abroad. Supreme Leader Khamenei even issued a fatwa (religious decree) against the production, stockpiling, and usage of WMD (Kayhan 6 November 2004).

5.5.2 Relations with Russia, China, and India

Since the disintegration of the Soviet Union, Russia has allied with Iran in economic, political, military, and nuclear domains. Russia sees its alliance with Iran as a counterbalance to the expansion of the North Atlantic Treaty Organization (NATO) towards the East and the South, to Western efforts to control regional energy resources, and to the activities of Turkey in CEA (Vishniakov 1999). Russia needed Iran as an ally to deal with various regional social upheavals, such as in Tajikistan and Nagorno Karabakh (Amineh 2003: 293). Russian arms deliveries (conventional and nuclear technology) to Iran are central to the alliance, as few countries are currently willing to sell arms to Iran. Besides China, Russia is one of Iran’s most important weapons suppliers (Cohen 2001).

138. Statement before the UN Security Council (11 March 2003).
Shortly after Vladimir Putin had become President in Russia, in October 2000, he annulled unilaterally the secret Gore-Chernomyrdin accord of 1995. In this accord between the US and Russia, Russia had agreed to limit its atomic energy and military assistance to Iran. The Russian government then restarted the completion of the nuclear reactor at Bushehr, which had been put on hold during Yeltsin’s presidency. Putin also promised Russia would support Iran’s argument on the peaceful purpose of its nuclear program (Katz 2006: 125). In July 2002, Russia and Iran started a ten-year project for cooperation in business, industry, science, and technology, as well as the construction of nuclear energy facilities worth US$8.5 billion; the latter was heavily criticized in the world, especially by the US (Vinnitskiy 2002: 16).

When the Mujahedin-e Khalq organization, in 2002, accused Iran of developing a secret nuclear program, the Putin government suggested Russia could supply the enriched uranium for Bushehr and reprocess the spent fuel from it (Leskov 2005). On the one hand, Russia hoped by this move it could cool down US aversion against Iran’s nuclear program. On the other hand, it is in the interest of Russia to remain an important economic partner for Iran and, thus, prevent one day Russia losing its position, at the cost of improved relations between Iran and the US (Katz 2006: 126).

Another interesting development is the Shanghai Cooperation Organization (SCO) 140, which has developed into an important global political, economic, and security organization. Established on 14 June 2001, its six permanent members are China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. India, Iran, Mongolia, and Pakistan have observer status in the organization. SCO was first established as a security organization to fight terrorism, but more recently has also set economic goals such as the establishment of a free trade area among its member countries and cooperation in the energy sector. At the SCO summit of June 2006 in Shanghai, it was expected that Iran would become a full member of the organization. But concerns about Iran’s nuclear program by the US and Europe have put Iran’s inclusion as a full member temporarily on hold. The fact that the SCO has included energy as one of its priorities makes Iran, due to its huge oil and gas reserves, an attractive potential member. The inclusion of Iran into the organization could have an important impact on the global energy arena (Brummer 2007: 185-186). It would also be a clear political statement on the part of Russia and China siding with Iran in its conflict with the West.

Furthermore, China and Russia fear that in its attempt at regime change, the US could strengthen US dominance in the region and establish a political regime in Iran friendly to it, to expand regional domination. Both Russia and China want to prevent such a development in order not to be excluded from access to the country’s oil and gas reserves. The inclusion of Iran into the SCO would undermine US dominance in the Persian Gulf and increase SCO

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140. The SCO emerged out of the Shanghai 5 organization created on 26 April 1996 to deepen military cooperation between China, Kazakhstan, Kyrgyzstan, Tajikistan, and Russia. In 2001 Uzbekistan was admitted to the Shanghai 5 turning it into the Shanghai 6 and in the same year transformed into the SCO. See also the SCO website http://www.sectsco.org/
influence in the region and the whole Middle East and CEA at large (Brummer 2007: 190). On the part of Iran, membership in the SCO would expand its international political and economic possibilities. It would grant access to SCO projects and, therewith, to technology, investment, trade, and infrastructure development. The sanctions on Iran imposed by the US could also be undermined by Iran-SCO cooperation (Brummer 2007: 192).

Iran is also strengthening its ties with China bilaterally. In the last decade, China’s economic growth has rapidly increased its energy needs. Recently, China has surpassed Japan as the world’s second largest oil consumer behind the US. Although the country is trying to increase domestic production, oil imports will comprise almost 70 percent of the country’s oil consumption by 2025. China’s policy to secure its energy supply brings it into confrontation with the US, which accounts for one-quarter of global energy consumption. Sixty percent of China’s oil imports already come from the Persian Gulf. In 2003, Iran was China’s second largest oil supplier, providing 14 percent of total imports, while China – despite having signed international agreements prohibiting the proliferation of technologies – was Iran’s main supplier of dual-use technology that can be used for making nuclear, chemical, and biological weapons (Amineh 2005: 6). China is investing much in Iran’s energy sector. In 2004, the Chinese state owned oil-trading company, Zhuhai Zhenrong, signed a twenty-five year contract to import 110 million tons of liquefied natural gas (LNG) from Iran (Renfeng 9 November 2004).

In the same year another Chinese company, SINOPEC, signed a deal with Iran with an estimated value of US$70 billion to import a further 250 million tons of LNG from Iran’s Yadavaran oil field over the next 25 years. The Yadavaran field will, furthermore, provide China with 150,000 bbl/d of crude oil over the same period (China Daily 31 October 2004; Energy Bulletin 30 October 2004). It has to be expected that relations between these two countries will intensify immensely, primarily because of China’s energy needs and Iran’s increasing hunger for consumer goods.

This is also true for Iran’s relations with India. As Mudiam (2007: 411, 412) argues, Iran and India have similar political interests, strategic outlook, and economic objectives. This has been the case particularly since the end of the Cold War. Both are suspicious of the increasing US military involvement in the Middle East and CEA, and want to ensure that no single power dominates the region. Iran, as a supplier, and India, as a customer, have also complementary interests in the energy sector. They are both key players in Asian energy security and would benefit from a long-term partnership in the energy sector.

In January 2005, India signed a US$40 billion deal with the National Iranian Oil Company (NIOC). Iran will ship 5 million tones of LNG annually to India for a period of 25 years. India’s ONGC Videsh Ltd (OVL) will get a 20 percent share in the development of Iran’s biggest onshore oilfield, Yadavaran, which is operated by China with a share of 50 percent in the field. Iran has the remaining 30 percent in the field (Bhadrakumar 11 January 2005).

To continue its economic development plans, India will need to import more energy and Iran could be a secure source of oil and gas. Being confronted with economic sanctions imposed by the US, Iran needs other economic partners to keep its access to the energy market. The planned Iran-Pakistan-India (IPI) pipeline is an important step in this direction (Behera 2005). The plans for the IPI were started in 1994. The pipeline is supposed to have a length of 1,700 miles and transport 2.8 Bcf/d of natural gas from the South Pars fields in Iran to Gujarat in India. Though both countries have great interests in the construction of the pipeline, the construction has been delayed. India demands security guarantees from Islamabad for any pipeline crossing Pakistan. In December 2006, the three countries could not agree on the price of gas. Iran has asked for US$8 per million Btu (British thermal unit) while India and Pakistan do not want to pay more than US$4.25 per million Btu (EIA January 2007).

In September 2000, India, Iran, and Russia signed the North-South Corridor Agreement (NSCA). This agreement will provide traders with a shorter Asian-European trade option than through the Suez Canal, with land and sea routes connecting Europe and India via Russia and Iran. The North-South Corridor’s land routes could also be linked to the Trans-Asia Railway Network (TAR) that now uses the Caspian Sea to connect Iran with Russia. The TAR agreement was signed on 10 November 2006 to connect the Caucasus with South Korea by railway. The TAR would not only be of benefit for CEA’s economic development but as Peimani states:

“it could also lift up their regional and international significance by turning them into a hub for intercontinental cargo transportation of Asia, the largest continent rich in mineral and energy resources housing the fastest growing world economies” (Peimani 15 November 2006).

There might also be possibilities in the future in the area of arms sales between India and Iran (Calabrese 2002). To prevent any problems with the US, India is cautious in its relations with Iran. But, particularly, with regard to the IPI gas pipeline it also makes clear that it would not give in to US pressure and step out of the project. The country sees the pipeline as an important means to alleviate poverty in its country (The Hindu 14 January 2006 and 22 January 2006). India voted for the IAEA resolutions on Iran’s nuclear program, but also made clear it did not believe Iran’s nuclear program was not for peaceful purposes (The Hindu 16 January 2006).

142. A unit of energy used in the US. One Btu is equivalent to 1054-1060 joule.
143. Its members are: Armenia, Azerbaijan, Bangladesh, Cambodia, China, Democratic People’s Republic of Korea, Georgia, India, Indonesia, Iran, Kazakhstan, Kyrgyzstan, Laos, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Republic of Korea, Russia, Singapore, Sri Lanka, Tajikistan, Thailand, Turkey, Turkmenistan, Uzbekistan, and Vietnam. Ten of these countries did not sign the agreement on 10 November 2006 but will participate due to its economic prospects.
5.5.3 Relations with the United States

The most important success of the first four years of Khatami’s presidency was that he was able to improve Iran’s position on the international scene, particularly its relations with the EU, but also with the US. Even his internal enemies had to recognize his successful foreign policy, not least because of the necessity to secure Iran’s oil income, which is central to the development of the country’s economy.

It was very surprising that Khatami’s first statement on Iran’s foreign policy was directed towards the American people, in which he stressed the similarities between the American and the Iranian revolutions with regard to the “compatibility of religion and liberty” (Ramazani 2004: 557). In his interview with the American television channel CNN, on 7 January 1998, Khatami stated clearly his objective to improve Iran’s relations with the US through a “dialogue of civilizations.” In fact, the General Assembly of the UN, on 4 November 1998, proclaimed the year 2001 as the “United Nations Year of Dialogue among Civilizations.” Larijani, at that time member of the Committee for Foreign Policy of Parliament and representative of the Conservative faction, stated:

“The motto ‘détente’ is very interesting, the motto dialogue between civilizations’ a pertinent view. The fact that we have a better image in the world and acknowledge the world is very encouraging. However, we are concerned about the inefficiency of the diplomatic establishment [not in Iran but elsewhere]” (cited in SWB ME/3555 MED/6 8 June 1999).

But, while Khatami strove for a “dialogue between civilizations” or a policy of “détente,” Supreme Leader Khamenei undermined these attempts by continuing the support of Islamist radical groups in other Muslim countries, such as Hezbollah in Lebanon and Hamas in Gaza/West Bank (Timmerman 3 December 2001). Moreover, while Khatami aimed at a dialogue with the US, Khamenei considered a

“dialogue with America […] even more harmful than establishing ties with that country” (Barraclough 1999: 12).

As a result, though since 1997 Iranian foreign policy has changed in its orientation and instruments, its substance (Islamic, anti-Americanism, anti-Israel, and independence) has remained much the same.

In the late 1990s President Khatami and President Clinton made an attempt at rapprochement. In April 1999, President Clinton stated that in the past Iran had been subject to exploitation by Western countries and therefore had a right to be angry. He said that Iran:

“has been the subject of quite a lot of abuse from various Western nations,” and that sometimes “it’s quite important to tell people ‘look, others have a right to be angry at something my coun-
try or my culture or others that are generally allied with us today did to you 50 or 60 or 100 or 150 years ago”.144

On 17 March 2000 Secretary of State Madeleine K. Albright admitted that the US had played a prominent role in the overthrowing of the Mosaddeq regime in 1953 and regretted the US siding with Iraq in the Iran-Iraq War.145 However, the attempt at rapprochement failed due to two main reasons:

(1) The US was not willing to lift its sanctions on Iran;

(2) The Conservative faction in Iran opposed friendlier relations with the US. They argued that Khatami’s attempts at rapprochement were not accompanied by any offers from the side of the US (Tarock 2006: 647).

After the attacks of 9/11 in New York and Washington, Khatami made clear his condemnation of these actions. The Iranian government even helped the US to overthrow the Taliban government in Afghanistan; they helped to establish the interim government of Hamid Karzai and gave US$500 million to reconstruct Afghanistan. In return, President George W. Bush included Iran into the “axis of evil” and left the option open of a pre-emptive war against Iran, if it supported radical Islamist groups with WMD146. He also turned away from the reformist government of President Khatami, trying to play the Iranian people against not only the Conservatives in the Iranian regime but also against the Reformist forces (Ramazani 2004: 558). In his State of Union Address on 28 January 2003, President George W. Bush declared he would support the Iranian people in their fight against its own Islamic regime.147 This statement has been considered as a call for popular revolt among Iranians and has provoked some unease among Iranians regarding the prospects of external military involvement in Iran, especially when looking at US military actions in Afghanistan and Iraq (Human Rights Watch 2003: 450).

President Bush’s State of Union Address of 29 January 2002 was an important episode for the relations between Iran and the US. It was in that speech that Bush included Iran into the “axis of evil” alongside Iraq and North Korea.148 After the speech Iranian Foreign Minister Kamal Kharrazi said:

“We condemn the American accusations and think the world no longer accepts hegemony. We

146. In January 2002 Israel captured the Karine-A ship owned by the Palestinian Authority, carrying about 50 tons of weapons and explosives from Iran’s Kish Island. The Bush government considered it as a proof that Iran supported terrorism (Sick 2003: 91).
think Mr. Bush would do better by providing proof of his allegations. He should know that the repetition of such allegations is not going to help him” (CNN 30 January 2002).

In September of the same year the US government introduced its National Security Strategy, which initiated a shift in foreign policy measures from containment policy to regime change. The strategy stated that:

“The United States has long maintained the option of preemptive actions to counter a sufficient threat to our national security. The greater the threat, the greater is the risk of inaction and the more compelling the case for taking anticipatory sanction to defend ourselves, even if uncertainty remains as to the time and place of the enemy’s attack. To forestall or prevent such hostile acts by our adversaries, the United States will, if necessary, act preemptively.”

The “Greater Middle East” later the “Broader Middle East Initiative” (BMEI) sets out the goals of the US National Security Strategy. The BMEI originated in a speech by George W. Bush given in November 2003 to the National Endowment of Democracy in Washington, in which he said:

“Sixty years of Western nations excusing and accommodating the lack of freedom in the Middle East did nothing to make it safe because in the long run, stability cannot be purchased at the expense of liberty. As long as the Middle East remains a place where freedom does not flourish, it will remain a place of stagnation, resentment, and violence ready for export. And with the spread of weapons that can bring catastrophic harm to our country and to our friends, it would be reckless to accept the status quo […] Therefore the United States has adopted a new policy, a forward strategy of freedom in the Middle East. This strategy requires the same persistence and energy and idealism we have shown before. And it will yield the same results. As in Europe, as in Asia, as in every region of the world, the advance of freedom leads to peace” (cited in International Crisis Group 7 June 2004: 2).

There is no doubt that this new strategy is part and parcel of the reorientation of US foreign policy since 9/11.

During the invasion by the US of Iraq in March 2003, Iran declared its neutrality to keep out of the conflict. Although Iran was pleased with the overthrow of Saddam Hussein, Iran’s most significant security threat, US domination over post-war Iraq, and political instability would have great security implications for Iran (Haji-Yousefi Janu-
The Iranian political elite feared that the US would establish a client regime in Iraq, like in Afghanistan, with the threat to launch an invasion of Iran from Iraqi territory. Head of the Expediency Council Rafsanjani also spoke about the possibility that Iraq could withdraw from OPEC. It could then, due to its huge oil reserves, try to influence global oil prices based on US interests. He further suggested that a US friendly Iraqi alliance with the GCC countries could have negative effects on Iran’s political position in the Persian Gulf region (cited in *Ettela’at* 14 April 2003: 12).

Another concern regarding the US attack on Iraq, for Iran, was that, given the experience with the 1990-91 Gulf War, Iran could have been confronted with masses of Iraqi refugees (Haji-Yousefi 2006: 204).

Another reason for Iran’s neutrality in the war was its fear of being the next US target. While the Iranian government did not have this impression during the war in Afghanistan, the “axis of evil” speech of President George W. Bush and the subsequent invasion of Iraq by US forces caused serious concern, especially among the Conservative faction of the Iranian political elite (Haji-Yousefi January 2006: 207).

Besides Khatami, former President Rafsanjani as a representative of the Pragmatist faction has also tried to break the tense relationship with the US. Rafsanjani declared that the issue of relations with the US:

“is more of a political notion than a religious mandate. Our ideology is flexible” (*International Iran Times* 18 April 2003: 1).

Therefore, he said, it could be settled by a referendum or by the Expediency Council. As has been explained before, a referendum is constitutionally difficult, as it always needs the backing of the supreme leader.

A determining factor in Iran’s regional foreign policy, as well as its relations with the US, remains Israel. Iran does not recognize the legal existence of Israel. Tehran criticizes the Arab-Israeli peace process. This has severe consequences for its relations with Europe and the US but also for its relations with Arab countries and Turkey. The Conservative faction of the Iranian political elite would probably have resisted a change of Iran’s general foreign policy towards Israel by the Khatami government that seemed to give the Israeli state a de facto recognition, while following the official policy of non-recognition (Reissner 1999).

Another factor is the nuclear issue – to be discussed in detail in chapters 6 and 7. Iran is very close to becoming a nuclear power. US intelligence and the International Atomic Energy Agency (IAEA) state that if the country is not stopped from the inside or the outside, it will have produced one or more nuclear weapons within the next couple of years. The nuclear problem could maybe solve itself, if the Reformist forces within the Iranian Islamic political elite would ultimately triumph. After the parliamentary elections of 2004 and the presidential elections in 2005, both of which were won by the Conservative faction, this seems rather unlikely in the short term. A military intervention from the US could easily backfire on Iranian domestic policies undermining or
forestalling the prospects for a “velvet revolution” in Iran. The worst-case scenario of Iranian Conservatives possessing nuclear weapons will make this possibility even more likely (Pollack 2003: 5-7).

In his eight years of presidency Khatami was not able to reach his goal of combining domestic reforms, the introduction of the rule of law and civil society building, with a moderate foreign policy approach towards the West and the Persian Gulf countries. The economic problems remained and individual freedom did not significantly improve, as many of his voters had hoped. Despite these disappointing results, during Khatami’s presidency, the floor for an intellectual and public debate on the future of the IRI, the role of Islam, and the system of the velayat-e faqih had been opened. The Conservative factions feared it could lose control of the important state institutions. It therefore supported the neo-Conservative Ahmadinejad in his electoral campaign.

5.6 Foreign Policy since Ahmadinejad’s Presidency (2005-2007)

Though foreign affairs played a negligible role in Ahmadinejad’s electoral campaign, foreign policy has turned out to be a cornerstone of his government. As Amuzegar explains (2007: 47), Iran’s diplomatic strategy and tactics have both changed since Ahmadinejad has come to power. In strategic terms, he has appealed to the Muslim’s “sense of nationalism and historic pride” and has accused the West of opposing Muslim countries’ scientific progress and political independence. He also criticized the global power structure and here, specifically, the UN Security Council and the legitimacy of its sanctions. In tactical terms, he has changed Iran’s attitude of defending its own socio-economic policies by now instead pointing to the shortcomings of the West in general and the US in particular. The slogans of “right and wrong” have been replaced by slogans of “justice and tyranny” (Amuzegar 2007: 47).

With Mahmoud Ahmadinejad’s taking office as President a group of people has come to power with mainly a military and security background. These people feel most comfortable under politically unstable conditions. They therefore follow a confrontational policy both towards the Middle East and the West through, for example, creating tensions over the Iranian nuclear program and the denial of the Holocaust (Mohammadi August 2007).

Thus, Mahmoud Ahmadinejad’s election introduced a new tone in Iranian foreign policy orientation, away from President Khatami’s policy of “dialogue.” With the emergence of Mahmoud Ahmadinejad as president – and the rise of the neo-Conservatives within the Conservative faction – a re-emergence of the goal of the “Export of the Revolution” can be noted. In a speech in Isfahan on 3 February 2007, President Ahmadinejad mentioned this as a possibility. He argued that during his international travels he has encountered “revolutionary sentiments”:

“Not just academics, not just men of letters, not just intellectuals […] but the people on the streets and in marketplaces lovingly shout: ‘Iran, Iran, long live Iran, may Iran remain, may Iran be victorious.’”
According to Samii (2007), it is possible that Ahmadinejad really believes that Muslims in other countries could be inspired by the Iranian Islamic revolution, but in reality it inspired only the Lebanese Hezbullah organization. At the same time, clashes between Shi’ite and Sunnis are not in the interest of the Iranian government (Samii 2007). However, as Amuzegar shows (2007: 36), Ahmadinejad has gained much sympathy among the populations of developing countries outside the Middle East:

“as much as he is admired in the East and South, he is vilified in the North and West. To millions of displaced Palestinian refugees, poor Arab masses in the street and a vast majority of Washington-bashers among the Non-aligned Movement, he is a[n] […] indisputable hero.”

After his trips to various countries in Asia, Africa, and Latin America, Ahmadinejad said that the developing countries are seeing Iran as a role model and have asked him for Iran’s “methodology and solutions on managing the economy, culture and overall development” (Amuzegar 2007: 36-37).

5.6.1 Relations with the Middle East
Ahmadinejad has drawn international condemnation having attacked several times the state of Israel and questioning the Holocaust. He said that Israel was founded on “claims about the Holocaust” and that the Palestinians had to pay the price for it:

“Even if we assume the Holocaust is true, then why should the Palestinians pay the price for it” (cited in BBC News 20 October 2006).

At an emergency meeting of Muslim leaders during the crisis in Lebanon in 2006\(^{151}\) he said that only the destruction of Israeli government would solve the Middle East crisis: “Although the main solution is for the elimination of the Zionist regime, at this stage an immediate cease-fire must be implemented” (cited in Yoong 3 August 2006).

During a meeting in Damascus with Palestinian leaders, shortly before the Palestinian parliamentary elections on 25 January 2006, Ahmadinejad stated that the Israel-Palestine conflict had become “the locus of the final war” between Muslims and the West (Al Jazeera 21 January 2006). He emphasized that:

“Iran strongly stands behind the Palestinian people and their just struggle” (Gulf News 20 January 2006).

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\(^{151}\) In July 2006, the Israeli military and the Lebanese Hezbullah entered into an armed conflict after Hezbullah had fired rockets at Israeli border towns wounding several people. The conflict was ended by a UN negotiated ceasefire on 14 August 2006. The Israeli military lifted naval blockades on Lebanon on 8 September 2006.
As Bulliet (2007: 12) states however, Iran has little advantage from pressing the Palestinian cause vis-à-vis Israel. Therefore, it is also strange that President Ahmadinejad’s remarks against Israel have provoked such international “paranoia.” Although Iran might become a nuclear power it is very unlikely that it will launch nuclear missiles at Israel, when an attack from Israel against Iran could have great political and economic implications on Iran for decades.

In an attempt to counter US military presence in the Persian Gulf region152 and being confronted with UN sanctions because of Iran’s nuclear program since his election, President Ahmadinejad has made several trips around the world in the search of potential allies. In January 2007, he went to South America where he met the Venezuelan, Ecuadorian, and Nicaraguan presidents. During the trip President Ahmadinejad declared that he would put US$1 billion into an Iranian-Venezuelan fund to help countries “free themselves from the yoke of American imperialism” (Economist 20 January 2007).

On 3 March 2007, President Ahmadinejad visited Saudi Arabia, the same day when diplomats from the US, Russia, China, Britain, France, and Germany met to reach an agreement on imposing new sanctions on Iran. According to the newspaper Tehran-e Emrooz, Ahmadinejad aims to improve relations with Saudi Arabia against the background of increased US military presence in the Persian Gulf and to prevent Saudi Arabia from siding with the US in the nuclear conflict with Iran (Associated Press Worldstream 3 March 2007).

During his first official visit to Saudi Arabia in March 2007, Saudi King Abdullah and President Ahmadinejad discussed how to bring sectarian (Shi’ite - Sunni) tensions in Iraq to a hold and prevent a full civil war in the country. Both leaders declared their support for the Iraqi government and made clear how important they consider Palestinian unity. Ahmadinejad promised to support Saudi Arabia in its efforts to draw back tensions in Lebanon (Gulf News 4 March 2007; Samii 12 February 2007).

An interesting development is the possible creation of a gas cartel or “Gas OPEC” among the major gas producing countries in the world: Russia, Iran, Qatar, Algeria, and Venezuela. Together these five countries account for almost 70 percent of the world’s natural gas reserves. Discussions on such a cartel were to be started at the Gas Exporting Countries’ Forum (GECF) in April 2007 in Doha. The Russian energy minister Victor Khristenko, however, denied the creation of such a cartel:

“The fact that a cartel agreement […] will not be signed in Doha is clear.”

But, Rafael Ramirez, Venezuela’s energy minister, said that a cartel would be a

“very good idea. Gas is the second source of energy in the world;”

152. In early 2007 the US arrested several times Iranians in Iraq, sent an additional aircraft carrier into the Persian Gulf and armed Iran’s Arab neighbors with Patriot missiles (Economist 20 January 2007).
and also Iran’s oil minister, Kazem Vaziri-Hamaneh, was optimistic about the creation of such a cartel (Hoyos 8 April 2007).

Also at the meeting in Doha, a representative of Supreme Leader Khamenei, Hassan Rowhani, announced Iran’s interest in establishing a Persian Gulf Security and Cooperation Organization that would comprise the six member countries of the GCC as well as Iran and Iraq. This announcement can be seen as a follow up to earlier attempts by Iran during Rafsanjani’s presidency (see chapter 5.4.1) to be incorporated into a Persian Gulf security arrangement, which failed at that time under pressure from the US. Even now, the inclusion of Iran and Iraq into a security arrangement of the Persian Gulf countries seems rather unlikely, for the same reasons. But the GCC countries, especially the smaller ones, are not interested in alienating Iran. Therefore, it should also be explored whether the inclusion of Iran into such cooperation would not lead to more stabilization and security in the Persian Gulf region (Afrasiabi 14 April 2007).

It cannot be denied that Iran has a great interest in its neighboring country Iraq. Not only is the majority of the Iraqi population of Shi’ite faith, but also important senior clerics in Iraq have family ties to Iran.153 Iran will therefore always try to have good relations with an Iraqi government that is representative of the composition of the Iraqi population. It seems very improbable that Iran would seek to politically dominate Iraq, as such a step would not only provoke mistrust in Iraq but also among Iran’s neighbors and would, therefore, be counterproductive to Iran’s efforts for political stability in the region (Bulliet 2007: 13).

US military officials accuse Iran of being involved in suicide bombings in Iraq. But, the Iranian government emphasizes that they are the strongest supporters of Prime Minister Nuri al-Maliki, who is a Shi’ite, but also the US main hope for the stabilization of Iraq. Mohammad Jafari, Iranian deputy national security advisor and, since September 2007, commander of the IRGC, as well as Ali Larijani, Iran’s chief nuclear negotiator until October 2007 and former head of the SNSC, deny Iran’s involvement in supplying Shi’ite insurgents with weapons. What Jafari does not deny however, is that Iran might have designed such weapons (Hirsh 23 July 2007).

As Ramazani notes (11 February 2007) when accusing Iran of supporting Shi’ite insurgents, many analysts do not mention Iran’s soft power approach both to Afghanistan and Iraq, such as economic aid and trade:

“Iran has extended US$500 million in aid for reconstruction in Afghanistan and maintains friendly relations with the government of Afghan President Hamid Karzai. It also has ties with Shi’a groups in western Afghanistan. In Iraq, Iran helps an estimated 1,500 Iranian pilgrims

153. Such as Grand Ayatollah Sayyed Ali Hussein al-Sistani (1930-) who was born in Mashahd to a clergy family. He studied in Mashad and Qom. In 1951 Sistani went to Iraq to study in Najaf. He is one of only five living grand ayatollahs and the most senior Shi’ite cleric in Iraq. Sistani rejects the velayat-e faqih system in Iran and promotes a separation of state and religion, but a system in which the marja-e taqlid still plays a prominent role. Since the US invasion in Iraq in 2003 he has played a prominent role criticizing US policy in Iraq.
travel to Shi’a shrines every day, a significant source of income for Iraq. Iran exports electricity, refined oil products and Iranian-made cars to Iraq. It has extended a US$1 billion line of credit to help Iraq with its reconstruction. Tehran also has diplomatic relations with the Iraqi government in Baghdad and influential ties with the two most powerful Shi’a parties, al-Dawa and the Supreme Council of Islamic Revolution in Iraq.”

On 14 August 2007, President Ahmadinejad visited Afghan President Hamid Karzai to demonstrate the rising influence of Iran in Afghanistan. His visit followed a week after President Karzai had clashed with President George W. Bush over Iran’s involvement in Afghanistan. In a press conference at the White House President George W. said:

“I would be very cautious about whether or not the Iranian influence in Afghanistan is a positive force.”

President Karzai reacted by describing Iran:

“a helper and a solution” (both cited in Tait 15 August 2007).

In July 2007, the US ambassador to the UN, Zalmay Khalizad in an interview with CNN accused Saudi Arabia and other countries in the Middle East to undermine attempts to end violence in Iraq. His accusations came shortly after reports according to which the US is planning to sell arms to Saudi Arabia and other states in the region worth US$ 20 billion (al Jazeera 29 July 2007). According to data made available by Khalizad to the newspaper, The Times, about 45 percent of all foreign militants carrying out attacks on US troops, Iraqi civilians, and security forces in Iraq are from Saudi Arabia, 15 percent are from Syria and Lebanon, and 10 percent from North Africa (in Parker 15 July 2007).

During a visit of Secretary of State Condoleezza Rice and Defense Secretary Robert M. Gates’ to Saudi Arabia and other countries to discuss the weapons sales, Saudi Arabia’s foreign minister, Saud al Faisal, stated he was astonished by Khalizad’s criticism and confirmed that the Saudi government was doing everything it could to prevent Saudi militants from entering Iraq (Der Spiegel 2 August 2007).

According to Gregory Gause the US plans for weapons sales to Saudi Arabia and others is aimed at convincing the Saudis to establish friendly relations with Prime Minister Maliki’s government in Baghdad, whom the Saudis do not like. He argues that at the end of 2006 the Saudi government, knowing that the US would leave Iraq eventually and believing the Shi’ite government in Iraq to be supported by Iran, decided to play a more active role in Iraqi politics through establishing contacts with Sunni politicians and political groups. Since then Saudi Arabia has become more present in Iraq than the US would like it to be.154

5.6.2 Relations with Russia

For Russia, it is important to side with Iran on its nuclear program, though President Ahmadinejad’s confrontational rhetoric towards the West and Israel have brought Russia into an uncomfortable situation. Russia, however, sees a number of advantages from its position:

1. It does not want to lose its dominant position in the Iranian nuclear program;
2. Russia aims to demonstrate reliability in its role as a mediator between Iran and the UN;
3. For Russia supporting Iran in its nuclear program could have a positive effect on its stance in the Middle East and in terms of geopolitical security (Aras and Ozbay 2006: 139).

Just before President Ahmadinejad took office in August 2005, Tehran announced that it would continue its uranium enrichment program (Zlobin 2 August 2005: 5). Russia asked Iran not to do this. At the same time it opposed the transfer of the Iranian “nuclear dossier” from the IAEA to the UN Security Council. It also made clear that it would not stop its nuclear cooperation with Iran (Bausin 10 August 2005: 1, 4; Zlobin 13 September 2005: 5). Moscow repeated its earlier proposal to enrich uranium in Russia. The US and the EU-3 agreed to this proposal, but Tehran objected to it (Shestakov 12 January 2006: 8). As there seemed to be no solution to the problem, on 4 February 2006 Russia finally voted for the transferal of the Iranian nuclear issue to the US Security Council. Iranian media accused Russia of “betrayal” and President Ahmadinejad declared Iran would withdraw from the IAEA Additional Protocol (Blinov A. 6 February 2006: 6). Shortly after, however, Manouchehr Mottaki, Iran’s Minister of Foreign Affairs announced Iran’s willingness to continue talks on Russia’s proposal (Samokhotkin and Suponina 15 February 2006: 5).

During a meeting of the SCO on 15 June 2006, Russian President Vladimir Putin and Chinese President Hu Jintao made clear their aim of resolving the Iranian nuclear problem by peaceful means. They argued that there was no alternative to civilian, political, and economic measures against Iran and declared they would keep engaged in the issue (IRNA 16 June 2006).

For Iran the development of economic ties with the East are much more important than intervention in the domestic affairs of its neighboring countries. President Ahmadinejad’s participation in the SCO summit (mentioned above) was an important step into this direction. The completion of an oil pipeline from Kazakhstan to China, in 2006, showed that China will be an important player in CEA in the future. To develop cooperation with China will, therefore, be much more beneficial for Iran than any confrontation in the Persian Gulf area (Bulliet 2007: 12).

5.6.3 Relations with the United States

In the short term, the US demands Iran to stop the enrichment of uranium to prevent Iran from developing nuclear weapons. In the long term, however, the US aims at re-
gime change in Iran. This policy has been followed by all US governments since the Iranian Islamic revolution of 1979 (Tarock 2006: 646-647). Iran’s relationship with the West, in general, and with the US, in particular, has great impact on other areas of conflict in the world, such as the Israel-Palestine conflict, the security of the Persian Gulf countries and other Muslim countries, the political stability in Afghanistan and Iraq, and the overall relationship between the West and the Muslim world. It also influences the US relations with Russia, China, and India. The latter three have no objections to Iran’s nuclear program, as they do not see the danger of nuclear weapons production (Tarock 2006: 647).

On 8 May 2006, President Ahmadinejad sent a letter to President G.W. Bush, which can be considered to be the first direct official contact between the two countries in 27 years. In the letter he indirectly showed his willingness to start direct talks with the US (The Washington Post 9 May 2006). US Secretary of State Rice Condoleezza Rice reacted to the letter saying:

“This letter is not the place that one would find an opening to engage on the nuclear issue or anything of that sort.”

The US government made clear that it would not be willing to start direct talks and that it would not make the nuclear issue in Iran a bilateral issue.

A first bilateral public meeting after thirty years between Iran and the US took place in Iraq on 28 May 2007. The US ambassador to Iraq, Ryan Crocker, and his Iranian counterpart, Hassan Kazemi-Qomi, met in Baghdad’s Green Zone to discuss security in Iraq. After the meeting both ambassadors evaluated their talks as positive and left the option for meetings in the future open (BBC News 28 May 2007).

Although the meeting had no noteworthy results, the remarkable thing is that it took place at all. The meeting could only have been successful if it was used by Iran and the US to start more comprehensive unconditional talks on a direct and bilateral basis. Each party should be able to raise any subjects on which they disagree (Kinzer 21 June 2007).

A couple of years ago, Iranians who were in favor of dialogue with the US were imprisoned. Now even President Ahmadinejad writes an open letter to President George W. Bush opening debate. Until May 2006, the US government denied dialogue with Iran arguing that by talking to Iran it would legitimate the Iranian regime. The Secretary of State now shows her willingness to talk to Iran, on the precondition that Iran suspends enrichment of uranium. The meeting in Baghdad of 28 May 2007 is clearly a sign that both parties are open for dialogue. But, the 28 years of mistrust from both sides will not be easily washed away (Sadjadpour June 2007: 6).

In late September 2007, President Ahmadinejad visited the United Nations General

156. See US State Department spokesman, reported by Agency France Press, (22 May 2006).
Assembly as well as New York’s Columbia State University. Though there was great controversy whether to invite President Ahmadinejad to speak to University staff and students, the huge crowds of people who gathered to listen to his speech should not be underestimated. Despite his repeated denials of the Holocaust and saying that homosexuality is non-existent in Iran (BBC News 25 September 2007), President Ahmadinejad seems to be a welcome speaker even in the US. Though the US continues its economic sanctions on Iran, President Ahmadinejad’s last visit to the US was further proof that the US does not follow a policy of political isolation.

At the same time, however, in August 2007, the US government announced its plans to include the IRGC as a terrorist organization on its global terrorist blacklist created after 9/11. This is the first time that a foreign governmental or para-governmental organization has been considered for the list. The US government accuses the IRGC of supporting insurgents in Iraq as well as the Taliban in Afghanistan, and Hezbollah in Lebanon. It also reflects US concerns about Iran’s nuclear program (MacAskill 15 August 2007). This move undermines the initiative of talks between Iranian and US officials. Some of the Iranian diplomats the US government is dealing with are still part of the IRGC, such as Iranian deputy national security advisor, Mohammad Jafari, who sat at one table with Secretary of State Condoleezza Rice at the Iraq summit in Sham al-Sheikh in early 2007. The decision to put the IRGC on the terrorist list might have great implications in the long-term. As it is easier to put a group on the list than to remove it, it will be more difficult for coming US presidents to enter into dialogue with Iran (Parsi 15 August 2007).

An important step would be a new American policy approach towards Iran: away from confrontation, towards dialogue, and including offers of economic assistance and greater access to international trade. This policy would have two main consequences:

1. The Khatami’s eight-year presidency showed that Iranians are responsive to international public opinion and that they have no desire to return to Iran’s international isolation of the 1980s. Increased trade relations and talks concerning a regional security arrangement would help to keep the dialogue going;

2. Improved international economic relations would only widen the rift among the Conservatives. Accepting greater international trade would go against the hardliners’ ideological values and alienate them from their social base. Rejection would isolate the country and distance the majority of the Iranian population even further from its own government (Sohrabi 2006: 5).

Sanctions will only work if they have no direct effect on the people and if they keep the door open for dialogue. The sanctions now imposed on Iran target the military and individuals connected to Iran’s nuclear program. Should the sanctions be expanded they will have a direct effect on the people. In that case it is very likely that they will side with their own government and persuading Iran to stop its uranium enrichment program would be even more difficult.157

5.7 Summary
During the reign of the last Shah, Mohammad Reza Shah, Iran was a close ally of the US and aimed to achieve a prominent position in the Persian Gulf region. The Iranian Islamic revolution transformed the country’s foreign policy of maintaining good relations with the US, Israel, Europe, and US-friendly Middle Eastern regimes to one of confrontation with the West and Israel and of supporting Middle Eastern resistance movements aimed at overthrowing pro-Western and secular oriented governments. The aim to play an important role in Persian Gulf security remained, especially after the War with Iraq and when Hashemi Rafsanjani became President.

Since the Islamic revolution in general, two main groups of the Iranian political elite with regard to foreign policy orientation/geopolitical visions of the IRI can be distinguished:

(1) The first group, of which the Conservative faction is the main representative, emphasizes the identity of the Islamic revolution and the return to Islamic values. To reach these goals, the IRI has to have a good partnership with Islamic countries and the Muslim masses, and refrain from rapprochement with the US;

(2) The second group represents mainly the Pragmatist and Reformist factions. These factions see Iran as a nation state that has to play a key role in international relations. They consider international trade and political ties as major tools in safeguarding Iranian national interest. They therefore advocate establishing a good relationship with the West and especially the US.

When Khomeini was the supreme leader, foreign policy was mainly ideologically driven, influenced by the two principles of the revolution “Export of the Revolution” and “Neither East Nor West.” Supreme Leader Khomeini followed a confrontational and isolationist foreign policy. Khomeini and his followers saw the Islamic revolution as a model that would trigger further revolutions in other Muslim countries. But the guideline of the Export of the Revolution has never been really an ideological or revolutionary pursuit but rather a survival strategy in the war with Iraq and later to cover the IRI’s political and economic problems at home.

Most of the armed groups, which received financial support from Iran during the 1980s, were Shi’ite organizations in opposition to Saddam Hussein in Iraq or to other rulers in the Persian Gulf, or active in Lebanon, Afghanistan, and Pakistan. In the 1990s, Iran supported Sunni groups such as the FIS in Algeria, the National Islamic Movement in Sudan, Hamas and Islamic Jihad in Palestine, the Muslim Brotherhood in Jordan, the al-Nahda Party in Tunisia, the Jihad Group in Egypt, and the Muslims in Bosnia. But Iran did not intervene in the conflict between Russia and Chechnya in the 1990s, which proves that in Iranian foreign policy formulation national interests are of higher priority than ideological/religious ones.

The two presidents, Rafsanjani and Khatami, followed a pragmatist approach toward foreign policy. President Rafsanjani adopted a more pragmatic foreign policy orientation not least because of his attempt to improve the devastating economic situation of
his country and to attract FDI. His aim was to enhance relations with the Persian Gulf
countries, especially Saudi Arabia, to strengthen Iran’s role in the region. He even sug-
gested the establishment of a regional security organization, which did not come about
as the Persian Gulf countries preferred alignment with the US above Iran. During Raf-
sanjani’s presidency the IRI also improved relations with Russia after the fall of the So-
viet Union as well as the CEA countries. The relations with the US remained frozen.

Khatami’s presidency inaugurated important changes in Iranian foreign policy, espe-
cially better relations with the EU. He continued Rafsanjani’s foreign policy with regard
to the Persian Gulf as well as Russia and CEA. Due to Iran’s huge oil and gas resources
Iran in recent years has also intensified cooperation with China and India in the energy
sector. President Khatami tried to open a dialogue with the US. He aimed at combining
democratic reforms at home with a pragmatic foreign policy abroad but failed, mainly
because of resistance to these reforms by the Conservative faction.

Since Ahmadinejad’s election foreign policy has again shifted. President Ahmadine-
jad, who seems to be a hardliner à la Khomeini, has used a very hostile tone, especially
against the US and Europe, and also Israel. On the other hand, Ahmadinejad has found
companions among leaders of other developing countries in Latin America (Venezuela,
Ecuador, and Nicaragua). In the short term, Ahmadinejad complicates Iran’s foreign
relations, especially towards the West, though several times he has shown his interest
in dialogue with the US. At the same time the US, through its economic sanctions, the
inclusion of Iran into the axis of evil, and branding the IRGC a terrorist organization,
makes a rapprochement between the two countries very difficult. This affects also the
relations between Iran and the EU, as will be shown in the following two chapters.