

# Iran and Kazakhstan Relations: A Geopolitical Analysis

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## Abstract

Kazakhstan needs the short transit route leading to open waters to supply its demands and export oil and gas to international markets. Iran's territorial status in the heart of Eurasia, has offered new capabilities for commerce, industry, and development to this country. But some factors such as the geopolitics of the region, having the second largest resources of energy in the world, and willingness to allow the presence of trans-regional powers with the aim to reduce dependence on Russia and attract foreign investment, has resulted in the presence of these powers in this country and has created serious obstacles for Iran's more effective participation. The main question of this paper is how has Iran benefited from the opportunity to develop relations with Kazakhstan? The authors analyze the most important factors regarding Iran's geopolitical position and status with regards to the development of its relations with Kazakhstan.

**Keywords:** Central Asia, Energy, Iran, Kazakhstan, Russia, Caspian Sea

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## **Introduction**

The Geopolitical condition of Iran during the early 1990s was important as the U.S. tried to isolate it permanently. Iran was seeking suitable ways to counter the U.S. containment policy, seeking to expand its cooperation with its neighbors and other Muslim states. The formation of new states in Central Asia and the Caucasus created a new opportunity for Iran to boost its relative status as compared to other countries in the region with its geopolitical position in the heart of Central Asia serving as a tool (Herzig, 2004:504-505). The Establishment of the Central Asian Republics as Iran's new neighbors presented Iran with new security challenges along with economic and trade opportunities. It should be mentioned that until early part of the 19th century, parts of Central Asia belonged to Iran, and Central Asia and Iran have long historical and cultural ties. Therefore from the very beginning of the independence of these republics, Iran sought to build strong ties with these nations based on the friendly connections that have existed in the past.(Tarock, 1997:185)

The power vacuum in Central Asia that was created by the collapse of the Soviet Union opened the door to other powers and consequently caused the formation of a geopolitical discourse in the region. This discourse is based on competition between regional and Trans-regional powers in order to gain geopolitical advantages, the ability to shape security structures, control energy resources and the development of the hinterland. Central Asia in the nineteenth century was also an arena of competition between Russia and Great Britain that became known as the Great Game. This time, once again the

New Great Game was used to describe the dimensions and depth of these encounters with the presence of regional and international actors. But in this situation, not two but several actors have formed the "New Great Game" in Central Asia (Koolae, 2005:11). The game is fought over economic interests (especially energy resources in the region) and political interests (Hegemony over the region).

The continental form of Kazakhstan, lack of access to open waters and the capabilities of Iran in the field of energy production, its transit route and markets, provide new opportunities for Iranian foreign investment. After the collapse of the Soviet Union, like other Central Asian countries, Kazakhstan became a place where regional and trans-regional powers vied for influence. For this reason, this can be considered as one of the main factors limiting Iran's ability to comprehensively develop its relations with these countries. In addition some internal difficulties in the region and also Iran's important role create a gap between expectations and realities. In this paper, the role of the U.S. and Russia as factors affecting Iran's relations with Kazakhstan is considered as an independent variable and relations between Iran and Kazakhstan as the dependent variable. The authors try to answer the question of, considering Iran's geopolitical situation, how it has benefited the opportunities to develop relationship with Kazakhstan? The hypothesis of this paper is that the U.S. and Russia, have limited Iran's opportunities for taking advantage of its geopolitical strength, which was increased after the collapse of the Soviet Union. They test the hypothesis with descriptive - analytical method and based on reasoning and analysis. This paper is organized in three parts: First we point out the geopolitical and geostrategic importance of Iran and Kazakhstan, then examine the Iran - Kazakhstan relationship in political-security and economic arena, then turn to the roles of the United States and Russia.

## I. The Significant of Geopolitics

Iran is strategically one of the most important countries in West Asia. Iran controls the Strait of Hormuz, the bottleneck of oil in the world and links the Middle East, Central and South Asia. It is rich in oil and natural gas and is also the most populated country in the region and has the significant industrial base (Ramazani, 2009:13). In Middle East and North Africa, from Morocco to Pakistan, Iran is the only country that has all the human, environmental, land, geography, and natural resources to be powerful and productive (Sariolghalam, 2011, 69). The current evolutions in the international system indicate that a country which can dominate the world's energy resources transmission lines, especially oil and gas, will play the global superpower role in the twenty-first century. Iran is the only country which has special facilities needed for the transferring of energy from Central Asia to the Persian Gulf and Oman Sea. Iran has 137/6 billion barrels of oil reserves, which is equivalent to 10% of the world's oil resources, and is among the top four countries in total petroleum output, and its 1,045 trillion cubic feet of natural gas reserves make it second in that category after Russia (EIA, 2010).

Geo-strategically Kazakhstan has very important position too. This country is the only Central Asian Republic which has common borders with the two large countries, Russia (6846 km) and China (1,533 km) and has the Caspian Sea on its Western borders (Fig. 1). Kazakhstan is located in the area full of challenges and tensions because of extremist groups who play an important role in at regional and international levels. The area also has important characteristics such as ethnic interoperability, possession of valuable natural resources and political stability. This country is of utmost importance as the fourth Soviet Union nuclear weapons and equipment manufacturer and having about 100 ethnic groups. It is worth noting, however, that, with closing its nuclear test site in 1991, transferring all nuclear warheads in 1996, and destroying nuclear weapons factories,

Kazakhstan is the first country to voluntarily take steps toward nuclear disarmament and has approved laws pertaining to export control of nuclear weapons (Lafouraki& Mirrazavi, 2004: 456-457).

Figure1. Map of Kazakhstan



Among the Commonwealth of Independent States, Kazakhstan has the largest mines and natural resources (other than Russia). The country has very rich reserves of coal, oil and gas. Statistics in 1990 indicates that this country has provided 90% of chromium, 50% of coal, and 7% of the oil of the Soviet Union. Other important mineral resources of Kazakhstan are copper, zinc, silver, gold, manganese, lead, nickel, phosphate and uranium. Proven reserves of uranium in Kazakhstan are one million tons which is equivalent to 25 percent of global reserves (Yerzhan, 2009: 3). Also it is seventh in the world in terms of gold reserves. Kazakhstan is a producer and exporter of agricultural products. Grain has been important for Kazakhstan economy in the past and continues to be, and about half of the country's agricultural landscape is devoted to wheat cultivation.

Kazakhstan which has the largest known oil reserves in the Caspian Sea uses only 60 of about 160 usable tanks. With producing of 540 million barrels of oil per day, Kazakhstan is in first place among Central Asian Republics. With probable reserves of 85 trillion cubic feet, Kazakhstan is number one in gas reserves in Central Asia. Natural gas production was 162 billion cubic feet in 1999 reached 387 billion cubic feet. Kashagan oil field in Kazakhstan is one of the

largest known oil field outside the Middle East and the world's fifth largest oil field. Probable reserves of this field are estimated at about 50 billion barrels of oil and 25 trillion cubic feet of natural gas (EIA, Nov. 2010). Kazakhstan territory is one of the options for gas exports from both Turkmenistan and Uzbekistan (Paramonov& Stokov, 2007: 3-5). It is forecasted that Kazakhstan's oil production in 2015 will reach 130 million tons. (Nikolayevna Zabortseva, 2010: 6).

## II. Bilateral Ties

Iran geographic characteristics are of the most important sources of its foreign policy. First, Iran is an international country and plays a prominent role in the global arena. Second, in the Persian Gulf, Iran is the most important country strategically. Iran is in control of the global oil throat, the Strait of Hormuz. Third, Iran is located at the center of the confluence of the axes of the world's energy production and consumption. There combination of these three geographic characteristics requires an extroverted foreign policy based on developing relations with regional and trans-regional countries. (Dehghani, 2009: 222-224). After independence, Central Asian countries became one of Iran's priorities in terms of foreign policy programs and goals, as Iran's neighbors and Muslim countries as well. Moreover, coherent and close relations with the countries of Central Asia will strengthen Iran's national security and economic development. Accordingly, the Soviet Union's collapse gave Iran a good opportunity for developing regional cooperation in the way that would foster a good relationship with the nations of Central Asia (Sanaei, 2009:4).

After the Cold War International order provided a dynamic opportunity for Iran's foreign policy, but US opposition to Iran's presence in the region also had created limitation. Another limitation of Iran's regional policy is Russia's leading position in Central Asia and the Caucasus, and its apparent sensitivity about developments in this region. Since Iran understood Russia's sensitivity toward the

newly independent republics well, it has taken a pragmatic approach with political and cultural considerations toward the Republics. However in past years, Iran's foreign policy in Central Asia has experienced ups and downs. During the presidency of Ali Akbar Hashemi Rafsanjani, a special mindset formed for the region and its neighbors. But during the presidency of Muhammad Khatami, the level of attention to these Republics decreased and to some extent, relations turned cold. In the era of Mahmoud Ahmadinejad's presidency, because of increasing Western pressure on Iran, more attention has been paid to this region. But in this period also, despite a gradual increase in the volume of economic exchanges, Iran failed to find an important place in economic relations, and therefore, the energy of the region is more or less under control Russia and as far as transit as well, countries of the region are more interested in Russian and Turkish routes. In fact, Iran's cautious relations with countries in the region only prevented damage to existing relationships, but could not protect them against American influence in the region and Russia's worry (Karami, 2008:85).

Iran's foreign policy in Central Asia and the Caucasus is composed of a combination of ideological, geopolitical and cultural-civilization approaches, with geopolitical considerations of the area as top priority. Kazakhstan president visit to Iran in November 1992 was the most important visit of a Central Asian leader to Iran. Nazarbayev went to the shrine of Imam Reza in Mashhad and emphasized the importance of the religious relations. And of course, Mashhad being the capital in Great Khorasan that Central Asia was a part is itself relevant (Banuazizi & Weiner, 1994: 211). Nazarbayev, in his book "Path of Kazakhstan", refers his first visit to Iran and introduces Iran's path as one of the important ways to transport goods from Kazakhstan to international markets and a window to the world (Lotfian, 2011:123). Issues such as drug production and trafficking in Afghanistan and its transit from Central Asia, instability and insecurity in Afghanistan, strengthen the Taliban's position on the political

scene in this country, and spread of fundamentalism and terrorism, are among the common regional threats in the security arena which can be an appropriate context for Iran's security relationship with Kazakhstan. During the Civil War in Tajikistan, acceptance of Iran as a major player, especially in terms of trying to be brokered by in Tajikistan, and also Iran's role in facilitating the collapse of the Taliban caused the creation of a favorable business relationship between Iran and Kazakhstan (Mesbahi, 2004:124)

After the emergence of new states around the Caspian Sea, countries with different definitions of their national interests have created a complex situation in this region. Kazakhstan, with the Volga-Don canal that connects the Caspian Sea to open waters through the Black and Baltic Seas, considers the Caspian an open sea and emphasizes on division of it according to the Convention on the Law of the Sea Treaty in 1982. In 1998, Kazakhstan signed a bilateral agreement with Russia, and Azerbaijan in 2001. Kazakhstan's strategy comes from the combination of two objectives: Discretionary about its projects in the Caspian Sea and Avoid engaging with Russia. The Kazakh President, in a meeting in early 1998 with former Russian President Boris Yeltsin, announced: "Very rich Caspian area has potentially the possibility of Confrontation and conflict among nations, but Kazakhstan is confident that it can resolve conflicts with Russia "(Roshandel, 1998:13).

Kazakhstan in its most official statements supported several main points of argument of the Republic of Azerbaijan by stating that all the coastal states must have the right to exercise exclusive control about the resources of the Caspian Sea which are located in their territorial waters and continental shelf. The Kazakh foreign minister, in 1995 went so far as claiming that the February 26<sup>th</sup> 1921 and March 25<sup>th</sup> 1940 agreements between Iran and the Soviet Union dividing the Caspian Sea by the Astara - Hosseingholi line between the two countries should still be valid. This claim according to the aforementioned contracts is not only unfounded, but has also never



been raised by Soviet officials.

But Iran believes that the February 1921 and March 1940 contracts between Iran and the Soviet Union should determine the legal regime of the Caspian Sea. The Iranian Foreign Ministry has been recommending informally that the Caspian Sea should be divided into five equal shares (20%) among coastal states. At first, Russia also insisted on the 1921 and 1940 contracts like Iran, and then it placed the division approach on its agenda. Thus, Russia Reached an agreement with Kazakhstan and Republic of Azerbaijan on determining water borders in the Caspian Sea and division of resources under the lake bed. Since then, Russia targets common policy on surface and division on undersea resources which has been called "dual legal regime" for this sea. Despite Iran's protests, Russia, Kazakhstan and the Republic of Azerbaijan on a contract in 2003 have divided 64 percent of the sea among themselves and a legal regime, agreed to by all the coastal states, has not been created yet. (Koolae, 2010: 452-453)

The most important geographical ties between Iran and Kazakhstan are Iran's position in terms of access to the open sea and connection with other countries in the region and Europe. Kazakhstan joining the Economic Cooperation Organization (ECO) is considered its most extensive economic cooperation with Iran. So, Strengthening the ECO and attending to its weaknesses in order to increase the efficiency of the organization can be an effective step in strengthening economic ties between Iran and Kazakhstan. The main advantage of the membership of Kazakhstan's in the ECO is that this organization provides this country with the possibility of access to sea routes in the Mediterranean, the Persian Gulf, and Oman Sea (Naribaev, 2008:102). The ECO in Kazakhstan is not only an alternative but is considered as a supplement for the Commonwealth of Independent States (CIS) (Kasenov, 1996:151). Critical to this was the signing of the Transportation Framework Agreement in Almaty in 1998, amongst ECO member states, that emphasizes the need for

easier and faster movement of goods and people in the region. (Shahabi&Shikholeslami, 2010:19).

Kazakhs show special attention to transit between Iran and Kazakhstan. In this case, Kazakhstan's Foreign Minister Yerzhan Kazykhanov in a meeting with Iranian Foreign Minister Salehi emphasized that the railways of Iran –Turkmenistan – Kazakhstan (1) will have a positive impact on commercial relations between Iran and Kazakhstan. Kazykhanov referring to a harvest of 25 million tons of wheat (2) in the Republic of Kazakhstan, said:"Iran is a good market for Kazakh wheat and with Iran's transportation Kazakh wheat can be brought to other countries" (ISNA, 08/10/2011). In a meeting of Kazakhstan Ambassador Erlan A. Idrisov with the Speaker of Iran's Parliament Ali Larijani in Iran, the position and importance of Iran in facilitating communication and transportation between East Asia and Europe was also stressed (Fars News Agency, 24/11/2011).

From spring 1990 to spring 2011, Iran exported \$807 million worth of goods and services to Kazakhstan and imported \$3443 million from this country. In these years, the trade balance between Iran and Kazakhstan has been negative against Iran. At its lowest, in 2007, it will reach to \$ 6.78 million. However, Iran's import from Kazakhstan is reached to \$ 7.344 million dollars maximum in 2000 that most of the Iran's trade deficit was formed in the same year. The intensity of Iran's trade balance deficit from Kazakhstan since 2007 has decreased, which has been the result of a reduction in imports. Since 2007, exports and imports between Iran and Kazakhstan have been reduced respectively by an average of 33 and 39 percent annually which has led to a reduction in the trade balance deficit. Railway of Iran - Turkmenistan – Kazakhstan is about 900 km including in length, 700 km of which is in the territory of Turkmenistan, 120 km in the territory of Kazakhstan in the ozone And 80 km in the territory of Iran (Atrak area in northern Gorgan) (State Information Center, 14/01 / 1390). With 17052000 tons of wheat production in 2009 Republic of Kazakhstan was the twelfth and with 13484500tones

Iran was the fourteenth country in the world in producing wheat.

From March to September of 2011 Iran's exports to Kazakhstan were \$33,541,629 and the imports of this country were \$45,457,099 with a trade balance deficit of \$11,915,470 against Iran (1). Iran's exports to Kazakhstan include ceramic products, steam and hot water boilers, glass and glass products, fruit, plastic materials and articles of iron and steel. Iran's imports from Kazakhstan are mineral fuels and crude oil, cast iron, steel, various chemical products, grain and waste of food industry (TPO, 2008:101).

With the collapse of the Soviet Union, the Central Asian countries tried to export their oil and gas and give a boost to their economies with hard Currency income. Two important old problems, the geographical position of these countries and being landlocked, and the need for new pipelines to export oil and gas to world markets were major obstacles. In the first months of independence, countries of the Caspian region were searching for the most economically logical path of construction of oil and gas pipelines which means shortest, cheapest and fastest and the Caspian region's countries achieved an agreement to cooperate. But due to policies of the United States and some European countries, some issues regarding oil and gas export like route of transport and the legal regime governing the process became a source of discord among regional countries. For example, the economic logic of the oil market prices requires that Caspian oil and gas exporting countries, due to oil and gas market fluctuations, in choosing oil and gas export paths pay attention to an important factor economic efficiency or economic gain. Iran is the shortest, cheapest path for the Caspian oil and gas to enter world markets, the U.S. imposed pressure on the countries in the region, is against economic logic and no transit pipeline has even been constructed through Iran.

Iran is one of the largest oil-producing countries in the Middle East. Also, the infrastructures, refineries and, energy transition lines have allowed Iran to play an active role in regional energy policy. On

the one hand, Russia wants to maintain its traditional influence and control on these states by limiting their export routes and, on the other hand, the United States as a serious competitor in the region, in line with its long-term goals and geopolitical interests supports the routes that lead to a limit genuine role for Iran in the region. (Etaat&Nosrati, 2009:2) Regional and trans-regional powers compete with Iran by issuing other energy transfer pathway proposals to obtain political influence and maintain their dominance over the region. At present the biggest issue for Kazakhstan oil exploration and exploitation activities transport into world market. Oil transfer from a Russian path solidifies previous ties and the country's dependence on Russia. After the Kazakh government's \$20 billion contract with the U.S. Company Chevron, difficulties regarding oil transfer from Russia became more obvious. Development of cooperation with Iran can aid the interests of this country (Koolae, 2010: 210). Kazakhstan oil policy shows that this country seeks close relations with Russia and benefits from Russia's oil pipelines to export oil. In addition, Kazakhstan encourages the cooperation of western oil companies to deliver oil to world markets. Also, there is the possibility of enhancing cooperation with the countries of the region such as Turkey, Iran and China. By expanding cooperation Kazakhstan's president makes these points: "We are now interested in the practical aspects of the subject not the political aspect, Kazakhstan should begin to export its oil to world markets faster and with greater benefit "(Zardykhan, 2002:174).

After the terrorist attacks of September 11 a favorable environment for the normalization of relations between the U.S. and Iran was created; the Kazakh government in late 2001 tried to convince the U.S. to allow oil pipeline projects on Iranian territory. From their point of view Iran's transit lines are direct outlets to the high seas which not only give them access to the Persian Gulf for export but also to South Asian and Asia Pacific markets. However the process of dialogue and negotiation between Kazakhstan and Iran is complex mainly due to the negative influence of the U.S

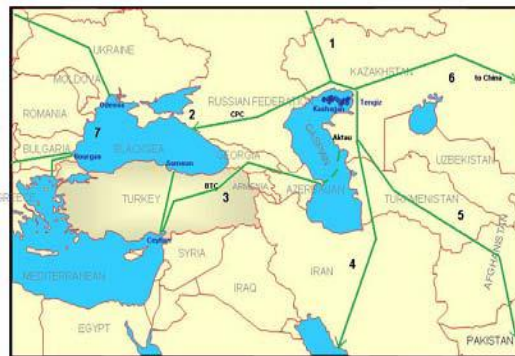
(Yuldasheva, 2008:136). Nazarbayev had said in June 2004, he prefers the oil pipeline from Iran to the Persian Gulf to the pipeline passes through China or Russia, or the Baku - Tbilisi - Ceyhan pipeline (Lotfian, 2011:123).

Iran and Kazakhstan agreed on a oil sharing agreement, which apparently lead expanding ties between the two countries. The fact is the bulk of these resources is exported through the Novorossiysk port of Russia. In addition, and from the military point of view, Iranian ports are in danger of encirclement. Of course it is clear that this issue will influence the decision of the Central Asian countries about the use of these ports as ways of exporting energy (Efegil&A. Stone, 2001: 356). In 1999, the contract to build a 400 km pipeline from Neka to Tehran was handed over to an Iranian-Chinese consortium. This pipeline increased the swap capacity of oil. This issue since 1996 has been going on alternatively and in a limited level (Nasiri, 2008:369-371). The Swap of Kazakh oil production which was started in 2002 from the Neka oil terminal, at first was only 1,600 barrels per day, but gradually with the increasing technical abilities and capacity of oil tankers operating in the Caspian in 2005 reached 1/4 million tons and in 2006, 2/4 million tons.(Ministry of Foreign Policy, 2008:120)

Iranian Foreign Minister Manouchehr Mottaki at a joint press conference with the Minister of Transport and Communications of Kazakhstan said: "Iran could have increased the capacity of transport oil (swap) to 500 thousand barrels per day."But Kazakhstan did not use all of Iran's capacity in this field. With the help of ships, a small portion of Kazakhstan's oil has been sent through the Caspian Sea to the Neka port in Iran and is injected into oil distribution lines in the north of Iran and the equivalent amount of that oil mutually is delivered to Kazakhstan from Iran oil terminals at Khark Island in the Persian Gulf (Efegil& A. Stone, 2001:356). 76.5% of Kazakhstan oil is exported abroad through Russian pipelines. 23.5% of remaining is exported through Swaps between Iran and Kazakhstan (160,000 per

day) and the Kazakhstan–China pipeline (200,000 per day) (Table 1). Although the Iran path is the cheapest and safest way to export Kazakhstan’s oil, the path is blocked due to U.S. sanctions (Pérez Martín, 2009:12).

**Figure2: Proposed Routes for Kazakhstan Energy Resources**



A proposed pipeline from Kazakhstan to Iran through Turkmenistan has been discussed as well (Figure 2, line 4). This pipeline has a transport capacity of 1 million barrels of crude oil per day and its length is 1600 kilometers and requires a \$1.2 billion investment. But U.S. opposition to any pipeline crossing Iran, will likely delay the project for a while (Babali, 2009:1302).

**Table1: Kazakhstan's Oil Pipelines**

Pipeline	Path	Capacity (barrels per day)	Length (km)	Executive	Descriptions
Atyrau-Samara	Atyrau (Kazakhstan) to Samara in Russia (Figure 2 - Pipeline 1)	310000	695	Transneft	This pipeline will be connected to Druzba pipeline.
Caspian Pipeline Consortium (CPC)	Tengiz oil field in Kazakhstan to the Novorossiysk, Russia (Black Sea) (Figure 2 - line 2)	565000	1593	Transneft	The program is until 2015 it will increase to 1 million barrels per day.
Kenkyak-Orsk	Aktyubinsk (Kazakhstan) to Orsk (Russia)	130000	—	Transneft	It transports crude oil from Aktyubinsk in Kazakhstan to

					Orsk refinery in Russia.
Russia - Kazakhstan - China	Omsk (Russia) - Pavlodar (Russia) - Atasu (Kazakhstan) - Alashankou (China) (Figure 2 - line 6)	200000	2896	Transneft CNODC Trans Gas Oil	At the beginning the pipeline connected Kazakhstan and China, but Russia later joined the project.

Sources: <http://www.zoomchina.com.cn/new/content/view/19541/81/>, <http://www.neurope.eu/articles/82173.php>; and EIA, 'Omsk- Pavlodar- Atasu- Alashankou. Oil Starts Flowing', January 2008

**Table 2: New Pipeline Projects**

Pipeline	Path	Capacity (barrels per day)	Length (km)	The average cost (U.S. \$)	Descriptions
Central Asia Oil Pipeline	Kazakhstan through Turkmenistan and Afghanistan to Gwadar (Pakistan's) (Figure 2 - Pipeline No. 5)	1 million	4000	2500	A Memorandum of Understanding has been signed between the shareholders.
Kazakhstan - Turkmenistan - Iran	Kazakhstan through Turkmenistan to Kharg Island (Iran) in Persian Gulf (Figure 2 - line 4)	1 million	1496	1200	Feasibility studies have been conducted by Total Fina Elf.
Caspian Sea (Figure 2 - Pipeline 3)	Aqtau (West Kazakhstan) to Baku on the Caspian Sea, to link the BTC (Baku - Tbilisi - Ceyhan)	500000	700	2000	Feasibility studies have been conducted by Royal Dutch Shell, Chevron, Texaco, Exxon Mobil and Kazakhstan.
Caspian Pipeline Consortium (CPC)	Kazakhstan to Novorossiysk (Russia) (Figure 2 - Pipeline No. 2)	From 500000-1 million	940	1500	-

Sources: <http://www.zoomchina.com.cn/new/content/view/19541/81/>, <http://www.neurope.eu/articles/82173.php>; and EIA, 'Omsk- Pavlodar- Atasu- Alashankou. Oil Starts Flowing', January 2008

### III. Extera Regional players

Since independence, Central Asian states in facing new and old problems, have pursued a multilateral foreign policy and have devised good relations with China, the European Union, Russia, the United States and other countries. Kazakhstan president in the speech in the United Nations in 2007 stated: "Kazakhstan foreign policy remained multilateral and it is also well balanced which is shown in good-neighborly relations with Russia and China and the strategic partnership with the United States and European multilateral cooperation with the EUas well" (Nazarbaev, 2007). Now, instead of Uzbekistan, Kazakhstan is the strategic partner of the U.S. in Central Asia. In 2006, the U.S. vice president Dick Cheney visited Kazakhstan and said "I am very proud there is a strong strength between Kazakhstan and the United States, we are very proud to be your strategic partner." Also Cheney praised Kazakhstan as a regional leader in political and economic reforms (Kazakhembus, 9/05/2006).

In April 2007, Kazakhstan announced it will join a \$6 billion gas pipeline project which runs about 3, 400 km along the Caspian Sea. This project is for transporting Central Asian gas to Europe by passing Russia (RiaNovosti, 24/04/2007). Simultaneously, Nazarbayev said Kazakhstan has never taken a step against the wishes of Russia in cooperation with the United States, and also has never taken a step against the United States and Europe in cooperation with China and Russia (Ria Novosti, 20/04/2007). Further, we discuss the role of the U.S. and Russia that have limited Iran's geopolitical opportunities created after the collapse of the Soviet Union.

Since its independence Kazakhstan follows firm political, economic and security relations with a large set of countries. According to this and also interests of western energy companies in the oil and gas of Kazakhstan, since the early days of its independence, relations between Kazakhstan and the United States have grown (Oliker, 2007: 64-67). From the U.S. point of view,



because of geostrategic importance, extent and sources of energy, Kazakhstan is a valuable partner. Of course interests of the United States and other western countries to expand their influence in Kazakhstan is mainly due to the country's high military and strategic capability. Kazakhstan has more than 100 factories that belong to the military- industrial complex of the Soviet Union, a nuclear weapons testing base at Semipalatinsk, and space center Baikonur. U.S. economic aid to Kazakhstan was subject to the adoption of the Non-Proliferation Treaty. Between 2006 and 2011, U.S. investment in Kazakhstan reached \$15 billion (Lotfian, 2011: 108-111).

U.S. influence in the region has political, security and economic consequences for Iran. America has always actively sought to deprive Iran from the benefits of access to the region's energy markets and has always supported the diversification of energy transport routes for Central Asia countries (Mottaghi& Hemmatkhah, 2008:129). This policy has led to great losses for the countries of the region. This in turn had seriously effected the discussions of the legal regime of the Caspian Sea (Koolae, 2010:433-434). If the Caspian Sea oil pipeline had crossed Iran, Iran could have an important tool for advancing its political will in the region, would have more regional power, and be more stable economically and earn more revenue. Furthermore, given that approximately 60% of world energy passes through the Strait of Hormuz, if the Caspian region's oil passes through the Strait as well, it would be contrary to the U.S. policy of diversification of sources and routes of energy transfer (Koolae& Moaddab , 2009:47-48).

U.S. strategy in Central Asia and the Caucasus energy transfer involves three basic purposes 1. to diversify sources of oil and natural gas for the United States and the world .2. To export Caspian energy to Western markets without the involvement of Russia and Iran and by reducing their influence on regional states. 3. Strengthening security forces of the countries of the region to encourage investment. The United States is facing stiff competition from Russia and Iran for the developing of alternative routes. U.S. wanted to

attract Caspian countries resources to the markets of the West by using Turkey to prevent Russian influence on their economic and strategic decisions (Peachey, 2011:745-747). From the U.S. point of view, Iran's geographic potential capacities which give it the possibility to obtain an important role in the 21st century global geopolitics must be neutralized so U.S. regional and global security is maintained.

After the collapse of the Soviet Union, the fundamental and strategic importance of Central Asia and the Caucasus in Russia's foreign policy has remained and Russia continued to consider policy towards this region tremendously important. Russia's new strategy was developed in 1992 when the former geographical area of the Soviet Union was mentioned as Russia's national security interest arena. Accordingly, Central Asia and the Caucasus is Russia's geopolitical interest zone. The West's effort to reduce the influence of Russia, which dominates the region's oil and gas transport routes, has not been very successful. The Central Asian states are not in a position where they are able to establish a credible union and limit Russian geopolitical influence. For example, although Kazakhstan has announced its desire for diversification of energy supply paths it placed the Baku-Tbilisi-Ceyhan path on its agenda, but after Russia-Georgia war, in accordance with Russian pressure, experts have expressed doubt toward the South Caucasus paths (Babali, 2009).

Kazakhstan's foreign policy emphasis has been on maintaining normal relations with other former Republics of the Soviet Union, particularly Russia. Russia is the biggest market for Kazakhstan merchandise and an important source for importing new technologies. According to a survey conducted in Kazakhstan, around a third of the people of this country desire unity and closer cooperation with Russia. This figure represents the fact that just fewer than 30 percent of the people of Kazakhstan are Russian.

Russian policy in Central Asia has a dual nature. On the one hand, Moscow looks for a stronger presence in the region by pro-

Russian countries that China and Iran to hinder Westernism. On the other hand, it clearly has alliance with Western countries and is willing to work with them. The root of this duality is in Russia's new pragmatism (Sharapova, 2003:210). Although Iran and Russia have various areas of cooperation in Central Asia and the Caucasus, the traditional role of Russia in supplying energy for these Republics, the energy transfer from its territory and control it has because of the exclusive advantage of geographical proximity, causes serious competition between the two countries (Koolae, 2006:76). Moreover, Russia by signing the sea dividing contract with Caspian countries that will put Iran in a difficult and confusing situation. In fact, Russia does not want the formation of regional organizations with the presence of other regional powers. Moscow by raising the Caspian Sea subject with other littoral states except Iran in a separate meeting has caused concern for Iran. Russia also continues to be an obstacle for Iran's formal membership in the Shanghai Cooperation Organization (Karami, 2010:122). Iran and Russia's geopolitical interests in the region in many ways include the legal regime of the Caspian Sea, energy transfer and economic competitiveness are normally at odds with each other; because essentially the expansion of Iran's political, -economic and cultural influence in the region, naturally, reduces the range of opportunities for Russia to exploit its geographical position (Pishgahi Fard& Joneidi, 2010:63).

### **Conclusion**

In the first days after the collapse of the Soviet Union, There were at least two main reasons for Iran's leaders and some of the newly independent countries hope and to expect prosperity and further expansion of relations between Iran and the countries in the various fields of economy, culture, and politics: first cultural, religious, and historical connections between Iran and the new states of Central Asia and the Caucasus and Second, rapidly growing economic demands in the region. Iran has always tried to develop its relations

with the countries of Central Asia; however, in the field of economic cooperation, it seems that there is still tremendous potential that is not being used. Iran's future position will depend on how well it controls economic resources. Transit of oil and gas pipelines crossing Iran's path improve Iran's political-mercantile relations with Europe and East Asia, reducing the isolation of Iran, blunt U.S. political and commercial pressure, increasing the country's bargaining power in international relations and increase Iran's role in regional arrangements.

Central Asian states including Kazakhstan are not able to reach their development goals without regional cooperation. Most of these countries have no access to open seas and are dependent on Russia for oil and gas shipping to global markets. For the landlocked Central Asia region, Iran is a favorable transport route that can deliver Kazakhstan's oil and gas to seas in the most economical way. American foreign policy in the Caspian Sea ignores important interdependence between Iran and its northern neighbors. For this reason, one of the main factors limiting of Iran's ability to expand relations with these countries can be considered American policies. Russia also plays a role as a major political actor with using energy leverage. Although ending the Cold War provided an appropriate geopolitical opportunity for Iran to build an independent relationship with its northern neighbors, the efforts of the U.S. in this region have limited Iran's ability to exploit geopolitical opportunities.

Soviet disintegration enhanced Iran's situation among Central Asian states. Railway connecting from Iran to the Central Asian railway networks and Iran's investment in transport infrastructure and terminals, ports, routes network, warehouses, cold stores and border crossings, custom development and other, provided extensive facilities for the country to communicate with the outside world. Kazakhstan's domestic market is appropriate for Iran's industrial and non-industrial products. In addition, the exploitation of the oil reserves of Central Asia and the Caspian and the need to transport it

from this landlocked region to ports and ship them to global markets, improves Iran's importance as the short and safe transport path leading to open waters. But America's strategy has limited Iran in Central Asia. As a result Iran lost one of the historic opportunities to get rid of the single-product economy and become one of the major transportation hubs of the world, and due to the hostility of America, could not use its important economic and geopolitical situation.

Besides the United States, Russia still maintain its strategic position with superior military power, long borders, its geographic proximity to Central Asia and the long history of its presence in the region. The West's efforts to reduce the influence on Russia, which now dominates the region's oil and gas transport routes, has not been successful. Also, Russia and Iran's geopolitical interests in the region are normally at odds with each other in many ways, including in regards to the legal regime of the Caspian Sea, energy transfer and economic competitiveness; because essentially as much as the political, economic, and cultural influence of Iran rises in the region, typically, Russia's opportunities to exploit its geographical location are reduced. So despite that Iran does not have hostile relations with Kazakhstan, it has been unable to find an important place in the economic arena of the country, such that the energy transmission lines of Kazakhstan are more or less in the control of Russia. In fact, Iran's relations with Kazakhstan, only prevents damage to the relationship, but it could grow the relationship due to America's enmity and Russia's shadow.

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