

U.S. AND IRANIAN STRATEGIC COMPETITION:

COMPETITION IN AFGHANISTAN, CENTRAL ASIA, AND PAKISTAN

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The US has many hard decisions to make in shaping its policies toward Central and South Asia – driven primarily by the war in Afghanistan, the growing instability in Pakistan, and whether the US should actively pursue strategic interest in Central Asia in the face of Russian and Chinese pressures and advantages, than by strategic competition with Iran.

Iran is a player in the equation. So far, its efforts in Afghanistan may have done as much stabilize Western Afghanistan as jeopardize US interests, but Iran controls the main logistics route for the UN food effort and is expanding its role in Afghanistan. It also faces growing problems with Pakistan because of instability in the Baluchi areas in both Pakistan and Iran.

As for Central Asia, it is not clear that Iran is capable of being a dominant player in a region when China, Russia, and Turkey are major actors and each Central Asian states is playing as many outside and local powers off against each other as possible. Iran is, however, seeking to expand its role and this has had a tangible impact on US and Iranian competition.

Afghanistan:

- Iran has built up major influence in northwestern Afghanistan and with the Hazara Shi'ite minority in other parts of the country. There are some indications that Tehran has been involved in arms transfers and deployed Al Quds advisors to the region, but these remain uncertain. There have not been any overt challenges to the United States. Iran is more concerned with Taliban and Sunni extremist threats than with US influence, and the US is more focused on those threats as well.

Pakistan:

- US relations with Pakistan are the key factor affecting US interests, and Iran has accused Islamabad of supporting Baluchi separatists in Iran and views the rise in Wahhabi-Deobandi fundamentalism and anti-Shia violence in Pakistan with alarm. Iran may, however, see Pakistan as a route to stepping up its competition with the US and has made it clear that it does not support any increase in the US role in Pakistan, even if it helps to fight violent Sunni extremists.

Central Asia

- Iran is an observer at the Shanghai Cooperation Organization, and is seeking to expand its trade and regional influence in Central Asia. While this is not a major area of competition, the US is concerned with Iranian overtures to the former Soviet republics, and the impact of Iranian and Chinese cooperation as well as Iran's individual efforts.

Afghanistan

The United States has been heavily committed to the stabilization and reconstruction of Afghanistan for almost a decade. About 94,000 US troops (including 33,000 “surge” troops due to be withdrawn at the end of 2012) are stationed in the country to fight the Taliban and other insurgent, along with substantial numbers of US civilians, and the forces of various coalition allies and civilian counterparts. The US has provided extensive resources and expertise to Afghanistan in a variety of areas, including humanitarian relief and assistance, capacity-building, security needs, counter-narcotic programs, and infrastructure projects. The US is likely to continue to be significantly involved in Afghanistan well beyond the anticipated transition of power and withdrawal of US combat forces in 2014.

During his December 2009 speech at West Point, President Barack Obama laid down the core of US goals in Afghanistan, which are to disrupt, dismantle, and defeat al-Qaeda and its safe havens

in Pakistan, while preventing their return to Afghanistan.¹ While the US combat mission in Afghanistan is not open-ended, the United States plans to remain politically, diplomatically, and economically engaged in Afghanistan for the long term. Washington is encouraging the Government of the Islamic Republic of Afghanistan (GIROA) to take action to combat corruption and improve governance, and to provide better services for the people of Afghanistan, while expanding the democratic reforms that have been made since 2001 and improving relations with regional partners.

Iran's Relations with Afghanistan

Afghanistan is primarily important to Iran as a means to secure its eastern flank, and prevent the flow of illicit weapons, halt narcotics and migrants across its borders, open up trade routes to Central Asia, and compete with the US presence in South and Central Asia. Iran maintains close relationships with Afghanistan's Hazara and Tajik Shias – about 20 percent of the Afghan population – and houses a large Afghan refugee population, estimated at 1.07 million in 2010 by the UNHCR.² Although the US and Iran share a common interest in defeating the Taliban and its associates, and long-term stability of Afghanistan, they do compete for influence both in Afghanistan and the region, and their mutual antagonism prevents more than limited cooperation.

The Iranian-Afghan border is significantly less volatile than the Iranian-Pakistani one, but several challenges persist. Iranian relations with Afghanistan continue to improve, but various sources of tension remain. By some accounts, about 10 percent of Iran's conscripted armed forces remain deployed along the Afghan border.³

Afghanistan's relations with Iran have fluctuated over the years, punctuated by periodic disputes over the water rights of the Helmand River. Iran opposed the 1979 Soviet invasion and supported the Afghan resistance, providing financial and military assistance to rebel leaders who pledged loyalty to the Iranian vision of Islamic revolution. Foremost among these was Ahmed Shah Massoud, leader of the Northern Alliance.

Following the emergence of the Taliban and their harsh treatment of Afghanistan's Hazara Shi'a minority – among whom Iran had built up major influence – Tehran stepped up its assistance to the Northern Alliance in terms of money, weapons, and humanitarian aid.⁴ The Northern Alliance's arms deals with Iran led many US diplomats to view Massoud as a tainted force.⁵ For Tehran, relations with the Taliban deteriorated further in 1998 after Taliban forces seized the Iranian consulate in Mazar-e-Sharif, executed eleven Iranian diplomats, and massacred thousands of Shias. The subsequent fallout led Iran to mass as many as 300,000 troops along the border, and threaten war. Ultimately Iranian commanders decided against the intervention.

¹ Barak Obama, West Point Speech (1 December 2009)

² <http://www.unhcr.org/4dfa11499.html>

³ Amir Bagherpour and Asad Farhad, "The Iranian Influence in Afghanistan," *PBS Tehran Bureau*, August 9, 2010.

⁴ Steve Coll, *Ghost Wars: The Secret History of the CIA, Afghanistan and Bin Laden*, New York: Penguin (2005), p. 345

⁵ Coll, p. 431

After 11 September 2001, the United States launched a war against the Taliban regime that had sheltered Osama bin Laden. Supreme Leader Khatami persuaded conservatives in the establishment that assisting the coalition war in Afghanistan would be in Iran's best interest: it would remove the hated Taliban, strike a blow against one of Pakistan's proxies, and extend Iran's regional reach.

As the result of an arrangement negotiated by British Foreign Secretary Jack Straw, Iran provided additional assistance to the Northern Alliance and played a constructive role at the post-war negotiations in Bonn.⁶ In December 2002, Iran signed a "Good Neighbor" Declaration, in which it pledged to respect Afghanistan's independence and territorial integrity. At the time, US action in Afghanistan furthered Iran's interests. Since then, US reluctance to deal with Iran, and Iran's concern that it is now surrounded by US bases and allies, not only in Afghanistan but also in Central Asia, has led to steadily rising tensions between the two countries.⁷

Iran has played a growing role in Afghanistan since the fall of the Taliban. It has been active in Afghan reconstruction efforts, particularly in the western portion of the country in the provinces of Herat, Farah and Nimruz. Tehran is primarily focused on supporting Shia political parties, mobilizing Shia mullahs, and influencing the Afghan media. According to the Afghan Chamber of Commerce, an estimated 2,000 private Iranian firms are active inside Afghanistan,⁸ and the Iranian government has funded several transportation and energy infrastructure projects, including building roads and railway links, building schools and funding scholarships at universities, as well as building infrastructure such as Herat's electricity grid.⁹ The Iranian Revolutionary Guards are also believed to train some units of the Afghan security forces.¹⁰

Iranian government officials routinely encourage Parliament to support anti-coalition policies and to raise anti-American talking points during debates. They have sought to increase criticism of civilian casualty incidents caused by coalition forces, convince the Afghan Parliament to "legalize" foreign forces, and promote Shia rights (including a separate judicial system). To this end, the Iranian Embassy has cultivated relations with members of opposition groups (such as the United Front), Tajik Sayeds, Hazara MPs, and MPs from Herat and other western provinces.

Iran has also used its fuel shipments as a source of leverage over Afghanistan. It temporarily blocked shipments of fuel in early 2011, causing significant shortages and price spikes inside Afghanistan, reportedly instigated by worries that Iranian supply was being diverted for use by US military forces inside the country.¹¹ Despite this, some analysts, including the authors of a study conducted by RAND, conclude that the net effect of Iranian influence in western Afghanistan has been largely positive has helped establish stability and prosperity in the area, and has facilitated the transfer of control to Afghan security forces.¹²

⁶ Ansari, p. 182

⁷ Keddie, p. 330

⁸ http://www.rand.org/content/dam/rand/pubs/occasional_papers/2011/RAND_OP322.pdf

⁹ <http://articles.latimes.com/2010/nov/13/world/la-fg-afghanistan-iran-20101114>

¹⁰ Amir Bagherpour and Asad Farhad, "The Iranian Influence in Afghanistan," *PBS Tehran Bureau*, August 9, 2010.

¹¹ <http://www.economist.com/node/18014604>

¹² http://www.rand.org/content/dam/rand/pubs/occasional_papers/2011/RAND_OP322.pdf, pg. 8

According to some sources, including senior US and coalition military officials, Tehran also provides some material support to the Taliban, in spite of decades of Iranian antipathy for the Taliban. General David Petraeus, then commander of US troops in Afghanistan, testified to the Senate Armed Services Committee in March 2011 that Iran had provided some support for Taliban insurgents through the Qods Force, including an intercepted shipment of 122mm rockets. Petraeus further stated that Iran “without question” provides “weapons, training and funding,” to the Taliban but insisted that such cooperation comes in “measured amounts” – enough “to make life difficult for us, but not enough to actually succeed.”¹³

Iran has also made expanded attempts to ensure its influence in any post-American Afghanistan beyond the Shiite belt. Iranian officials are reported to have made cash payments to senior Afghan officials, including senior advisors to President Karzai, in efforts to expand their influence.¹⁴ Diplomatic relations between Kabul and Tehran have also been growing. President Ahmadinejad visited Kabul in March 2010, a gesture reciprocated by President Karzai who traveled to Tehran in August 2010.¹⁵ Several other Iranian officials have visited Afghanistan in 2010, including Qods Force commander General Qassem Soleimani. In mid-June 2011, Iranian Defense Minister Ahmad Vahidi made a landmark trip to Afghanistan to meet his Afghan counterpart, the first such visit in 92 years.¹⁶

Competition for Iranian Influence in a Post-US Withdrawal Afghanistan

Iran has cooperated with several other regional countries, notably India and Russia, to gain influence in any post-American Afghanistan. During the Afghan civil war in the post-Soviet period, the three countries constituted the bloc that supported the Northern Alliance in opposition to the Pakistani and Saudi-supported Taliban forces.

Iran and India have sought to counter Pakistani dominance of Afghan trade routes through the construction of a 220-kilometer road from Delaram in Nimroz to Zaranj in Iran, which will connect to Iran’s Chabahar port along the Indian Ocean. The road, which is entirely financed by India, will provide an alternate route to Pakistan for overland trade upon completion.¹⁷ Iran and India have also engaged Afghanistan in trilateral initiatives to discuss its future, in an effort to recover the influence they lose by being shut out of other discussions due to US and Pakistani sensitivities.¹⁸ However, Indo-Iranian cooperation in Afghanistan has been restrained by US pressure on India, and damaged by Indian support for US sanctions on Iran, growing Indo-US rapprochement, and continued delays to the proposed Iran-Pakistan-India pipeline.¹⁹

US and Iranian competition, however, is scarcely the dominant factor shaping Iran’s behavior. The porous Afghan-Iranian border affects Iranian security stability through trafficking in

¹³ <http://www.wired.com/dangerroom/2011/03/petraeus-doesnt-sweat-irans-rockets-in-afghanistan/>

¹⁴ <http://www.bloomberg.com/news/2010-10-24/iran-must-not-meddle-in-afghanistan-u-s-says-after-bag-of-cash-reported.html>

¹⁵ <http://www.insideiran.org/media-analysis/iran-uses-karzai-visit-to-show-regional-support/>

¹⁶ <http://www.reuters.com/article/2011/06/18/us-iran-afghanistan-visit-idUSTRE75H1FN20110618>

¹⁷ http://www.acus.org/new_atlanticist/india-iran-afghanistan-corridor

¹⁸ <http://www.indianexpress.com/news/now-an-indiairanafghanistan-trisummit/684954/>

¹⁹ <http://blogs.reuters.com/pakistan/2010/07/06/in-scramble-for-afghanistan-india-looks-to-iran/>

narcotics and weapons, as well as flows of refugees and illegal migrants. By many accounts, Iran has the world's worst heroin problem – and a growing HIV/AIDS problem as a result.²⁰ As much as 60 percent of Iranian heroin is sourced from Afghan poppy fields, according to the UNODC.²¹ The rise in drug use has strained Iranian police and prison capacity and caused serious societal problems. In response, Iran and Afghanistan have increased counter-narcotics cooperation. Iran is also a transit and destination country for many trafficked Afghan peoples, including young children sold for commercial sexual exploitation.²²

Afghan refugees in Iran already number about a million and are an intense strain on the Iranian economy, particularly given the pressure of American and international sanctions. Since 2005, Iranian President Ahmadinejad has stepped up the forcible repatriation of Afghan refugees, often with little advance coordination. Afghan officials report that Iran returned as many as 160,000 Afghan refugees between March 2010 and February 2011.²³ These returns have caused tensions, as Afghan officials are ill equipped to deal with the humanitarian burden, and sometimes accuse Iran of using refugees as a destabilizing tool.²⁴ The treatment of Afghan refugees in Iran has often caused anti-Iranian protests in Afghanistan, including five in a fortnight in May 2010, one of which took place outside the Iranian embassy in Jalalabad.²⁵

Implications for US Policy

Although Afghanistan looks to Iran to cultivate cooperative economic, business, and cultural relations, and to hedge against post-American instability, Kabul still sees the United States as its most critical long-term partner. Given current trends, the Afghan government is likely to support US policy in spite of cuts in US forces and aid. It also has reason to be cautious about Iranian actions which could divide the Hazara or win influence over Afghan Turcomans and Tajiks.

ISAF has achieved major tactical successes in the south, clearing and holding much of the former Taliban heartland – and they are unlikely to lose this territory in the near term. By 2014 it is probable that much of the country outside of Kabul will still have nonexistent, inefficient, or corrupt governance – but a number of good programs are in place working on this, and progress is being made. The Afghan economy, while deeply troubled, is also making progress. As a result of this deep US involvement in Afghanistan, key institutions such as the Afghan National Security Forces operate on a budget that is larger than formal government revenues, and without continued US financial support, are unlikely to survive in their present form. Perhaps for reasons such as this, the Afghan government decided to reject a Memorandum of Understanding on military cooperation proposed by Iran.

However, the US and its ISAF allies are in a race against time, resources, and the enemy – that they may not win. Aid funding will probably peak in FY2012, and will decline substantially thereafter. Military and civilian personnel will begin to withdraw this year, and will continue to

²⁰ <http://www.cfr.org/iran/afghanistans-role-irans-drug-problem/p11457>

²¹ http://www.unodc.org/unodc/en/world_drug_report.html

²² <http://www.unhcr.org/refworld/country,,USDOS,,IRN,,4c1883eb32,0.html>

²³ <http://www.pajhwok.com/en/2011/02/07/iran-expels-thousands-afghan-refugees>

²⁴ <http://www.aei.org/docLib/2010-11-MEO-g.pdf>

²⁵ http://news.bbc.co.uk/2/hi/south_asia/8679336.stm

do so through 2014. Even if the Afghan war is winnable, it is uncertain that the forces and capabilities the US will leave in Afghanistan will help stabilize the region. It is unclear that the US can maintain a level of strategic influence in Central Asia and South Asia as a whole that justifies pursuing the war in Afghanistan, particularly if the US and its allies are not willing to make the necessary sustained commitment of resources through and beyond 2014.

Given the quickly approaching withdrawal timetable, Washington is not strictly opposed to Kabul developing more intimate ties with Tehran, provided it does not lead to activities that might disrupt the establishment of a strong central government in Afghanistan. Iran can provide a valuable diplomatic interlocutor and a viable trading partner for the fledgling Afghan state. Indeed, Tehran has an interest in working with the US towards common goals in Afghanistan: promoting stability and combating the drug trade, among them. However, if Afghans see the United States as abandoning Afghanistan, or as using Afghanistan to move beyond sanctions and military containment to address other aspects of the Iranian threat — namely the character of the Iranian regime — it may find that it has differing long-term interests to those of Kabul. .

Pakistan

Pakistan, is not a key area of direct US and Iranian competition, but still figures into each country's calculus. Pakistan currently has a critical impact on US strategic interests, including Afghan stabilization efforts, and efforts to reduce the risk of violent conflict in the region. However, the US has increasingly found that its influence in Pakistan is limited, in spite of a near decade of aid and attention, including \$4.34 billion in 2010.²⁶ Anti-Americanism is rife across Pakistan, and senior military and government officials strongly resent unilateral US military activity within Pakistan, particularly the US raid to kill Osama Bin Laden on 1 May 2011.

Iran's primary strategic interests and concerns on its eastern periphery are focused on security and stability in protecting its flank, competing religiously with Sunni powers such as Saudi Arabia, and ensuring its influence in any post-American Afghanistan. Because Iran remains concerned over the threats posed by Sunni Taliban and by Pakistan's agitated Balochs, it is likely to remain an interested party so that instability does not spill over into its territory. At the same time, energy ties between the countries constitute one of the most important components of their relationship.

The Impact of Growing US-Pakistani Tension

The key factor shaping US and Iranian competition may be the growing tension between the US and Pakistan – tension built on the entire history of Pakistani and US relations. The US and Pakistan established diplomatic relations in 1947. Washington agreed to provide economic and military assistance to Pakistan, but subsequently suspended the military aid during the 1965 Indo-Pakistan war, a decision that generated a widespread feeling in Pakistan that the United States was not a reliable ally.²⁷ Gradually, relations improved and arms sales were renewed in 1975.

²⁶ K. Alan Kronstadt, "Direct Overt US Aid and Military Reimbursements to Pakistan FY2002-FY2011," *Congressional Research Service*, January 4, 2011. Available at <http://www.fas.org/sgp/crs/row/pakaid.pdf>

²⁷ State Department

After the Soviet invasion of Afghanistan in 1979, Pakistan became a pillar of US diplomacy in Central Asia and served as the primary logistical conduit for the Afghan resistance. In 1981, Pakistan and the United States agreed on a \$3.2 billion military and economic assistance program aimed at helping Pakistan deal with the heightened security threat in the region and its economic development needs. With US assistance, Pakistan armed and supplied anti-Soviet fighters in Afghanistan in the largest covert operation in history, eventually defeating the Soviets, who withdrew in 1988.²⁸

In March 1986, the US provided Pakistan with a \$4 billion economic development and security assistance program, allocating about 40 percent of the assistance package to non-reimbursable credits for military purchases – the third-largest program behind Israel and Egypt.²⁹ Once more however, concerns over the Pakistani nuclear program intruded, and by October 1990, the United States suspended all military assistance and new economic aid to Pakistan under the Pressler Amendment. This amendment eventually led to a decade of sanctions, which were tightened following Pakistan's nuclear tests in response to India's May 1998 tests and the military coup of 1999.

Pakistan initially developed close ties to the Taliban regime in Afghanistan and extended official recognition in 1997. However, after 9/11, Pakistan became a critical component of US warfighting strategy in Afghanistan. Pakistani cooperation has vital impact on the level of cross-border sanctuary Taliban and affiliated militants enjoy in border regions, on assisting the US in intelligence gathering, and providing a crucial logistical transit route for US and NATO materiel. As a result, in 2004 Pakistan was declared a major non-NATO ally by President Bush and has received extensive US support and attention – almost \$20 billion in US assistance between 2002 and the end of 2010, the majority in military assistance (about \$13.3 billion).³⁰ The US is also a key arms supplier for the Pakistani Armed Forces, particularly through the Foreign Military Financing program, and amongst other pieces of heavy equipment, is due to supply Pakistan with as many as 100 F-16 aircraft.

A decade into the war, however, it has become increasingly apparent that Pakistan has a fundamentally different set of strategic priorities from the US, a fact that US experts have privately recognized since long before 9/11. Pakistan continues to focus on the Indian threat, does not trust the US, and sees it as a temporary actor that will again abandon the region in 2014 – if not before. As a result, Pakistan is perceived to continue maneuvering independently to secure its interests in a post-American Afghanistan.

Iranian-Pakistani Relations

Iranian-Pakistani relations have been uncertain and evolving since the 1979 Iranian Revolution that brought a Shiite theocracy to power in Iran. Prior to the revolution, relations had been warm. Iran was the first country to recognize Pakistan in 1947, and alongside Turkey, the three countries were the main US allies in the region during the early Cold War.³¹ The two countries

²⁸ State Department

²⁹ State Department

³⁰ K. Alan Kronstadt, "Direct Overt US Aid and Military Reimbursements to Pakistan FY2002-FY2011," *Congressional Research Service*, January 4, 2011. Available at <http://www.fas.org/sgp/crs/row/pakaid.pdf>

³¹ Shah Alam, "Iran-Pakistan Relations: Political and Strategic Dimensions," *Strategic Analysis*, December 2004. Available at http://www.idsa.in/system/files/strategicanalysis_salam_1204.pdf

also collaborated on suppressing Baloch nationalism, which both Tehran and Islamabad perceived to be a threat to regional stability and territorial integrity.³² This was particularly true during the reign of the Shah, when Iran sent Cobra attack helicopters to help Pakistan put down Baloch dissent.

The 1979 Iranian Revolution changed the dynamics of the relationship. Now increasingly interested in pan-Shiite solidarity, Iran's theocracy resented the state-sponsored sectarian persecution of Pakistani Shias during and after the Zia era. It viewed with alarm the Saudi penetration of Pakistan's Sunni madrassa sector, the growing strength of Wahhabi-influenced (and financed) Deobandi Islam, and the growth in extremist Sunni groups sponsored by the Pakistani intelligence agencies, including many focused on anti-Shia sectarian violence. Saudi money financed, and continues to finance, large segments of the Deobandi and Ahle-Hadith infrastructure in Pakistan to hedge against both the Sufi Barelvis and the Shias.

Since the Revolution, many Pakistani Shias have looked to Iran for spiritual and political guidance. In 1979, almost immediately after the Iranian Revolution, the Islamia Students Organization (ISO), a large Shia organization, publicly supported Ayatollah Khomeini as *marja-e-taqlid* (source of emulation), a significant shift from historical spiritual guidance from Iraq. Pakistani Shia students also increasingly traveled to Iran for education, helping erode the traditional control of the Shia clergy in Pakistan.³³ As Sunni attacks against Shias grew during the 1980s and 90s, Shias established their own militant groups financed in large part by Tehran, such as the Sipah-e-Mohammad. Iranian support grew, particularly after December 1990, when militants assassinated the Iranian Consul General in Lahore. Despite this support, Shiite militants in Pakistan have had limited impact and are outnumbered and outclassed by their Sunni counterparts.

In neighboring Afghanistan, during the Soviet jihad, both Tehran and Islamabad cultivated separate anti-Soviet forces, and departure from them were serious differences between their Afghan policies. Iran desired Afghanistan's Shiite minority to be represented in any post-war power-sharing arrangement and desired influence in northern and western Afghanistan. Pakistan soon threw its full support behind the Sunni Pashtuns, particularly the Taliban, who virulently persecuted Afghanistan's Hazara Shias. As a result, Iran lent military and diplomatic support to the Tajik and Uzbek-dominated Northern Alliance forces who battled the Taliban through much of the 1990s. The relationship reached its lowest ebb in 1998, after the Taliban took Mazar-e-Sharif, massacred the Hazara Shia populace, and executed nine Iranian diplomats – a matter for which Iran blamed Pakistan for.³⁴ The incident resulted in a large-scale mobilization of Iranian

³² Chris Zambelis, "Violence and Rebellion in Iranian Balochistan," *Jamestown Foundation*, June 29, 2006.

Available at

[http://www.jamestown.org/programs/gta/single/?tx_ttnews\[tt_news\]=821&tx_ttnews\[backPid\]=181&no_cache=1](http://www.jamestown.org/programs/gta/single/?tx_ttnews[tt_news]=821&tx_ttnews[backPid]=181&no_cache=1)

³³ Hassan Abbas, "*Shiism and Sectarian Conflict in Pakistan*," CTC Center at West Point, September 22, 2010. Available at <http://www.ctc.usma.edu/wp-content/uploads/2011/05/CTC-OP-Abbas-21-September.pdf>

³⁴ "Iran holds Taliban responsible for 9 Diplomat's Deaths," *New York Times*, September 11, 1998. Available at

<http://www.nytimes.com/1998/09/11/world/iran-holds-taliban-responsible-for-9-diplomats-deaths.html>

military forces along the border, although the threatened invasion never materialized. , at least in part.³⁵

Iranian and Afghan relations warmed soon after the US-led invasion of Afghanistan. Iran perceived Pakistan to have ended its support for the Taliban. At a joint press conference in December 2001, the Iranian and Pakistani Foreign Ministers announced a “new era of cooperation,” which was soon followed by a landmark three-day visit to Pakistan by Iranian President Khatami in December 2002. During the visit, both countries pledged to improve border security and to cultivate better economic cooperation, especially in the energy and natural gas sectors.³⁶ In Afghanistan, both Iran and Pakistan pledged support for the Bonn Process, and the two countries stepped up their defense cooperation, including the joint production of the Al-Khalid main battle tank.³⁷

Iran and Pakistan have made several steps to improve relations in 2010 and 2011, as US relations with Pakistan have deteriorated. Since 2008, when President Ahmadinejad made his first state visit to Pakistan, there have increased high-profile diplomatic contacts between Tehran and Islamabad, including two visits by President Zardari to Tehran in the space of a month in June-July 2011 to discuss economic and energy relations, as well as issues of terrorism, narcotics and the Afghan future.³⁸

US and Iranian Competition over Energy

Pakistan and Iran have growing trade ties, particularly in the energy sector. Cooperation regarding energy has increased since the 1990s and has helped provide the foundation for a bilateral trade network between Iran and Pakistan. In 2009, Pakistan increased its non-oil exports to Iran by 80 percent, reaching \$279 million. Similarly, Iranian non-oil exports to Pakistan increased by 11 percent, totaling \$278 million for the year.³⁹

In May 2009, Iran and Pakistan signed a purchase agreement stipulating that Iran would initially transfer 30 million cubic meters of gas to Pakistan per day, with the volume eventually increasing to 60 million.⁴⁰ The deal was concluded over the objections of US Special Representative for Pakistan and Afghanistan Richard Holbrooke, who cautioned that although the “US understands that Pakistan faces [a] major energy crisis... new sanctions on Iran can impact Pakistan.”⁴¹ In 2011, Iran has also offered to sell 1,100 MW of subsidized electricity to

³⁵ “Iran holds Taliban responsible for 9 Diplomat’s Deaths,” *New York Times*, September 11, 1998. Available at <http://www.nytimes.com/1998/09/11/world/iran-holds-taliban-responsible-for-9-diplomats-deaths.html>

³⁶ Editorial, *Dawn*, December 27, 2002 Available at <http://ipripak.org/factfiles/ff88.pdf>

³⁷ “Pak-Iran Relations Since Islamic Revolution,” *Embassy of Islamic Republic of Iran*. Available at <http://www.iranembassy.pk/fa/political-section/pak-iran/592-pak-iran-relations-since-islamic-revolution-genesis-of-cooperatio-and-competition.html>, accessed April 23, 2011.

³⁸

http://online.wsj.com/article/SB10001424052702303627104576409983223152852.html?mod=googlenews_wsj

³⁹ “Iran, Pakistan to Support Peace, Stability in Afghanistan,” IRNA (May 2010).

⁴⁰ Fazl-e-Haider, Syed, “Pakistan, Iran Sign Gas Pipeline Deal,” *Asia Times* (May 27, 2009) <http://www.atimes.com/atimes/South Asia/KE27Df03.html>

⁴¹ “U.S. Envoy Takes U-Turn on Pakistan-Iran Gas Pipeline,” *Xinhua* (June 20, 2010) http://news.xinhuanet.com/english2010/world/2010-06/20/c_13359531.htm

Pakistan, and reported that 1,000 of the 1,100 km of the IPI pipeline on Iranian soil had now been completed.⁴²

Iranian-US competition has impacted on these growing energy ties. In particular, the US has opposed the proposed construction of a 2,600-kilometer, \$7.5 billion Iran-Pakistan-India gas pipeline (IPI) that would pump gas from Iran's South Pars field to Pakistan and India.⁴³ Tentative talks on the pipeline began in 1994; however, tense political relations between India and Pakistan – as well as significant US pressure – have frustrated realization of the project to date. The US favors the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline instead, although instability in Afghanistan and tensions between India and Pakistan continue to be crucial obstacles.

The Baloch and Other Regional Issues

Various other obstacles continue to impede closer Iranian-Pakistani cooperation. Iran remains concerned at the potential for a spillover of violence, stemming from Sunni fundamentalists and Baloch separatists. Baloch areas in both Iran and Pakistan are some of the most underdeveloped and impoverished areas in both countries, and violence in these regions is complicated by rising militancy on both sides of the border, as well as an unregulated flow of narcotics, weapons, and migrants. In particular, Iran's Sistan-Baluchistan province has witnessed increased disturbances by the rabidly anti-Shia terrorist group Jundullah, which is believed to operate in part out of Pakistan and to be responsible for several high-profile attacks against Iranian military targets.

President Ahmadinejad has publicly accused "certain officials in Pakistan" of involvement in the attacks and demanded the extradition of key Jundullah leaders.⁴⁴ Pakistani officials denied any involvement in the attacks. In response, Iran briefly closed its border with Pakistan in December 2009, but reopened it in March 2010, upon receiving assurances from Islamabad that authorities would take measures to improve security in the area.⁴⁵

Pakistan and Iran have also found themselves at odds over their visions for a future Afghanistan. Iran, still fearful of the rise of Sunni fundamentalism on its borders, has made some efforts to revive the old Iranian-Indian-Russian axis of support for the Tajik-Uzbek Northern Alliance factions in Afghanistan to hedge against Pakistani influence over Sunni Pashtuns. In particular, Iran has cooperated with Pakistan's arch-enemy India, to build alternative trade and transit routes that reduce Afghanistan's dependence on Pakistan. This has been an irritant in Pakistani-Iranian relations

⁴² <http://tribune.com.pk/story/192456/fighting-against-terrorism-pakistan-to-attend-iran-moot-despite-saudi-disapproval/>

⁴³ "Iran Looks for Allies Through Asian and Latin American Partnerships," Power and Interest News Report (November 27, 2007)

⁴⁴ "Tensions Rise Between Pakistan and Iran," CBS News (October 19, 2009)
<http://www.cbsnews.com/stories/2009/10/19/world/main5395154.shtml>

⁴⁵ "Iran Reopens Pakistan Border for Trade After Blast," Radio Free Europe/Radio Liberty (1 March 2010)
http://www.rferl.org/content/Iran_Reopens_Pakistan_Border_For_Trade_After_Blast/1971517.html

Sunni-Shi'ite Issues

The “Arab Spring” and political unrest in the Gulf have also raised tensions between the two countries, particularly over Bahrain. Pakistan plays a key role in the Bahraini security apparatus – contributing a total of 40,000 soldiers across all branches of the Bahraini security services. This has raised tensions with Iran, which has declared solidarity with Shia protesters in the country.⁴⁶ Tehran has reportedly expressed concern over accounts that Pakistan has started to recruit thousands more troops, including retired army officers, to deploy to Bahrain.⁴⁷

Nuclear Issues

Despite these tensions in the relationship, in June 2009, the Pakistani government officially congratulated Iranian President Mahmoud Ahmadinejad on his re-election.⁴⁸ Moreover, as a nuclear state that is not a signatory to the Nuclear Non-Proliferation Treaty, Pakistan has publicly defended Iran’s right to nuclear technology and has increasingly called for peaceful reconciliation on the international nuclear standoff.⁴⁹ In a February 2010 meeting with her Iranian counterpart, Pakistani National Assembly Speaker Fahmida Mirza said that “Pakistan is against any kinds of sanctions against Iran and believes that Iran's nuclear disputes should be resolved peacefully and through dialogue.”⁵⁰

Pakistani support through the AQ Khan network has reportedly played a role in the development of the Iranian nuclear program. Khan, whose syndicate many US officials believe operated with the support of at least some elements of the Pakistani military and intelligence services, is reported to have proliferated several pieces of technology including parts and technology for both basic and advanced centrifuges. The transfers, which stopped in 1999, were acknowledged by Khan himself in 2004.⁵¹

Implications for US Policy

The US has done its best to improve relations with Pakistan and make it a strategic partner, but the differences in US and Pakistani views of their relative strategic interests may be impossible to overcome. This may give Iran a window of opportunity, and as in Afghanistan, result in common interests becoming overshadowed by broader US-Iranian strategic competition. However Iran has many of its own tensions with Pakistan, and the US remain Pakistan’s most generous beneficiary (by far) in material terms. Its support, while sometimes resented, is crucial for Pakistani stability and not easily dispensed with. Relations between Tehran and Islamabad

⁴⁶ Qaiser Butt, “Middle East Protests: Pakistan tries to pacify Iran over Bahrain aid,” *Express Tribune*, April 23, 2011. Available at <http://tribune.com.pk/story/154915/middle-east-protests-pakistan-tries-to-pacify-iran-over-bahrain-aid/>

⁴⁷ <http://www.presstv.ir/detail/175074.html>

⁴⁸ “Iranian election complicates U.S. diplomacy,” *MSNBC* (15 June 2009) http://www.msnbc.msn.com/id/31356186/ns/world_news-mideastn_africa

⁴⁹ “Afghanistan, Iran, Pakistan Agree on Border Cooperation,” Voice of the Islamic Republic of Iran in BBC Monitoring, (June 25, 2008).

⁵⁰ “Pakistan opposes sanctions on Iran: speaker,” *Xinhua* (4 February, 2010) http://news.xinhuanet.com/english2010/world/2010-02/04/c_13163962.htm

⁵¹ <http://www.irantracker.org/nuclear-program/technology-sources-irans-nuclear-program#pakistan>

too are recovering from a long period of hostility, and a shared dislike of US influence in the region is only one of several issues that will guide their future relations. Other issues not directly linked to the US will continue to limit the extent of Pakistani-Iranian strategic cooperation.

Afghanistan is a complicating factor in relations between Iran, Pakistan and the US, and makes for unlikely bedfellows. By default, the Iranian position on Afghanistan is closer to the US than Pakistan. Despite the relationship having since soured, various common interests persist, including a desire to combat Sunni extremists, and establish some form of order that prevents prevent cross-border flows of narcotics, weapons and refugees. The net result of Iranian influence in western Afghanistan has also largely been positive, with Iranian cultural, economic and political investments that have constrained violence and helped transition control to Afghan security forces. In contrast, the US and Pakistan have radically different interpretations of what the post-war regional structure should look like, and there remains considerable suspicion among US officials and analysts of active covert Pakistani support for Afghan Taliban insurgent forces.

Tehran and Islamabad do, however, share a mutual dislike of the US presence in South Asia, and to hedge its interests, Tehran has already shown a willingness to engage with the Taliban in a limited fashion.⁵² Tehran is also likely to favor an Afghan settlement that is more on Afghan, than US, terms, and will likely require expanded accommodation with Pakistan to secure its interests.

However, strategic cooperation between Tehran and Islamabad that goes beyond joint efforts on counter-narcotics and border security is prone to many difficulties. Pakistan's close relations with Saudi Arabia, and Riyadh's large investments in Pakistan's religious sector continue to complicate relations. In fact when assessing Pakistan, the Saudi-Iranian rivalry may be just as, if not more, important to Tehran than US-Iranian competition. Expanded Iranian influence in Pakistan is not necessarily a bad thing, providing another tool to coerce the government and security forces to take a more hardline stance against Sunni fundamentalists active in sectarian violence.

Growing Iranian influence can have other positive benefits, particularly in economic terms, and it appears that it is in this sphere that Tehran wishes to most improve relations. Iranian energy exports for example, could provide a crucial means to resolve Pakistan's chronic energy shortfalls that cripple economic productivity and could trigger for large-scale social unrest.

The manner of the US drawdown from the region in 2014 will affect the extent of US influence in Pakistan over the longer-term, but it appears likely that such influence will diminish with reduced US attention as it has done historically. The US is likely to continue to view stability in Pakistan as an important national interest given the potential for nuclear proliferation and regional wars, and as such Iranian influence that assists in this goal should not necessarily be discouraged. The US must, however, also prepare for the possibility that worsening relations with Islamabad increase the possibility for negative Iranian-Pakistani cooperation predicated more on emotion than rational interest.

⁵² <http://www.wired.com/dangerroom/2011/03/petraeus-doesnt-sweat-irans-rockets-in-afghanistan/>

Central Asia

Central Asia is another area where Tehran is seeking to expand its regional influence, while Washington is seeking to block Iranian overtures to the former Soviet republics. Central Asia is one of the least integrated regions in the world; however, US-Iranian competition is shaped as much by their individual relations with each of the republics as by regional considerations.

Iran has long historical links with Central Asia, and shares territorial and maritime borders with Turkmenistan and Kazakhstan. Iranian geography is such that it functionally controls Central Asian access to the Persian Gulf and the high seas. This configuration offers many Central Asian republics a means of breaking their dependence on routes through Russian territory.⁵³ Furthermore, many Central Asian republics also fear spillover from Afghanistan and are interested in maintaining regional stability in ways that more closely resemble Tehran's vision for a post-American Afghanistan than Washington's. There is, however, an important religious distinction. The Central Asian republics are largely Sunni, which is usually a complicating factor when the staunchly Shia Iran attempts to cultivate bilateral relationships with Muslim countries.

Iran is seeking to expand its trade and regional influence and holds observer status at the Shanghai Cooperation Organization (SCO), which is dominated by Russia and China, but also includes Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Iranian leaders, including President Ahmadinejad, have urged the SCO to orient its policies in a more anti-American direction,⁵⁴ but the impact of such rhetoric has thus far been difficult to measure.

Much like Iran, the United States' influence varies by country – it is stronger in some, such as Uzbekistan, and weaker in others, such as Turkmenistan. Nonetheless, successive American administrations have viewed the promotion of US oil interests in Central Asia as an important economic priority. Recently, Washington has expanded its focus to garnering support for the Afghan War. By virtue of geography, and a worsening US-Pakistani relationship, Central Asia has emerged as an increasingly important transit corridor for US and NATO materiel. Collectively called the “Northern Distribution Network,” this route is graphically represented in **Figure 1**.

In the post-Afghan period, it must be considered that Central Asia may not be particularly vital to the US strategic interest. A more nuanced approach, examining the potential merits and drawbacks from engagement with each country in this complex and ethnically divided region will be important, and can help the US avoid the pitfall where every foreign issue becomes “critical” to the US security interest, and leads to an inefficient setting of priorities and allocation of resources.

⁵³ <http://belfercenter.ksg.harvard.edu/files/iranandcentralasia.pdf>

⁵⁴ <http://www.voanews.com/english/news/middle-east/iran/Irans-Ahmadinejad-Urges-Central-Asia-to-End-Domination-of-Enslavers-and-Colonizers-123920024.html>

Figure 1: The Northern Distribution Network



Source: National Geospatial Intelligence Agency; Washington Post

Kazakhstan

Kazakhstan has been ruled by President Nursultan Nazarbayev, former leader of the Kazakh Communist Party ever since its independence in 1991. By virtue of its size and strategic position, Kazakhstan pursues a multi-vector foreign policy, balancing relations with Russia, China, the US and the EU. Historical, cultural and political links mean Russian influence is unparalleled in Kazakhstan, but US-Kazakh relations have expanded and deepened. The US was the first countries to recognize Kazakhstan, and opened its embassy there in January 1992. In the years since, the two countries developed a strong bilateral relationship that has expanded significantly in the aftermath of 9/11, particularly in the realms of counterterrorism, energy extraction, and logistical cooperation for the Afghan War.

Kazakhstan is the region's economic powerhouse, with an economy larger than all the other Central Asian countries combined.⁵⁵ This is in part due to the country's significant hydrocarbon wealth – both oil and natural gas -- full development of which could make the country one of the top five oil producers in the next decade. Proven reserves include about 85 trillion cubic feet of natural gas and 30 billion barrels of oil, concentrated in the massive Tengiz, Kashagan and Karachaganak fields.⁵⁶ Production is already at 1.54 million barrels per day in 2009, and up to a third of GDP is generated by the oil and gas sector. Further sector development is expected to double productivity by 2019.⁵⁷ Despite this resource wealth, by some estimates about 20 percent of the population continues to subsist below the poverty line.⁵⁸ Kazakhstan also lacks access to a major seaport and is reliant on overland pipelines, leaving exports vulnerable to regional geopolitics.

US and Kazakh Relations

Despite indications of autocratic rule, including restrictive elections laws, curbs on press freedom, and pervasive corruption, US rhetoric towards Kazakhstan has generally been positive. In a 2006 meeting between Presidents Bush and Nazarbayev, the US president described Kazakhstan as a “free nation” with a “commitment to institutions that will enable liberty to flourish.” The Obama Administration has stated the US strategic objective in Kazakhstan to be to help the country develop into a stable and democratic country that is a respected regional leader, engaged in free market competition and demonstrating respect for the rule of law.⁵⁹ Between 1992 and 2008, Kazakhstan received \$1.67 in cumulative US aid.⁶⁰

In January 2011, however, after Nazarbayev attempted to call a referendum that would extend his term to 2020, the US joined with domestic opposition and the international community in condemning the regime. As a result, Nazarbayev scrapped the plan and instead called for presidential elections to be held nearly two years ahead of schedule. While these repressive measures are cause for concern, it is worth noting that Kazakhstan is slightly more open than its central Asian neighbors, is one of the most vibrant Central Asian economies, and is one of the great non-proliferation success stories since the end of the Cold War.

The US has been heavily involved in helping secure Kazakhstan's nuclear materials. Kazakhstan renounced nuclear weapons in 1993, but was a major Soviet nuclear testing and storage site, particularly at Semipalatinsk, where over 500 nuclear bombs were detonated.⁶¹ This area was regarded as one of the least secure nuclear sites in the world and the US feared that terrorists would be able to access its radioactive materials. As a result, under the Cooperative Threat Reduction program, the United States has spent \$240 million to assist Kazakhstan in eliminating weapons of mass destruction and related infrastructure,⁶² including transporting tons of nuclear

⁵⁵ <http://richardbrenneman.wordpress.com/2011/01/09/wikicable-kazakhstan-as-a-pentagon-satellite/>

⁵⁶ <http://205.254.135.24/countries/cab.cfm?fips=KZ>

⁵⁷ <http://205.254.135.24/countries/cab.cfm?fips=KZ>

⁵⁸ <http://www.fas.org/sgp/crs/row/97-1058.pdf>

⁵⁹ <http://www.fas.org/sgp/crs/row/97-1058.pdf>

⁶⁰ Ibid.

⁶¹ <http://www.spiegel.de/international/world/0,1518,741679,00.html>

⁶² <http://www.state.gov/r/pa/ei/bgn/5487.htm>

materials – enriched uranium and plutonium – to more secure storage sites,⁶³ destroying underground tunnels formerly used for testing and storage, and improving the surveillance and physical security in these areas.⁶⁴

The Kazakh military has participated in the United States' International Military Education and Training program, obtained US Foreign Military Financing, and joined NATO's Partnership for Peace program. In 2005, US Central Command conducted approximately 45 bilateral, military cooperation events with the Ministry of Defense of Kazakhstan and other agencies, an increase of more than 100 percent since 2002.⁶⁵ In August 2010, American, British, and Kazakh peacekeeping and air-mobile troops conducted joint exercises in the eighth annual 'Steppe Eagle' exercises.⁶⁶ With the 'War on Terror' and operations in Afghanistan, the United States and Kazakhstan have increased cooperation in combating illegal narcotics, improving border security, and preventing money laundering and trafficking in persons.

Kazakhstan has been an important logistical node in support of the US-led war effort in Afghanistan. Much like other Central Asian republics, Kazakhstan's primary worry in Afghanistan is that of spillover from militant Islam. Initially, Kazakhstan had held out on participating in the Northern Distribution Network (NDN) – the US attempt to reduce its dependence on Pakistani transit routes – but since 2010 it has become an integral and increasingly important component of the supply chain. In January 2010, the Kazakh government permitted the overland transit of non-lethal material across its territory,⁶⁷ and a further agreement in November 2010 permitted the use of Kazakh airspace.⁶⁸ Some analysts have suggested that the US has not adequately recognized Kazakhstan's contributions, particularly given the tensions such rapprochement has created with Russia, creating a future risk point in the relationship.⁶⁹

The United States also serves as an important economic partner for Kazakhstan. Bilateral trade in 2010 was valued at roughly \$2.6 billion, an increase of over 400 percent since 2001.⁷⁰ The State Department reported that US Foreign Direct Investment (FDI) accounted for about 25 percent of the country's total FDI, and that American companies have invested about \$14.3 billion in Kazakhstan since 1993, mostly in the oil and gas sector. Between 1992 and 2005, the US provided roughly \$1.205 billion in technical assistance and investment support.⁷¹

Iranian and Kazakh Relations

Kazakh policy towards Iran is generally dictated by its alignment with Russia. Moscow has been both cooperative and competitive with Tehran. Thus, Kazakhstan's orientation towards its

⁶³ <http://www.mcclatchydc.com/2010/11/16/103831/us-kazakhstan-complete-secret.html>

⁶⁴ <http://www.spiegel.de/international/world/0,1518,741679,00.html>

⁶⁵ <http://www.state.gov/r/pa/ei/bgn/5487.htm>

⁶⁶ <http://www.eurasianet.org/node/61750>

⁶⁷ [http://www.jamestown.org/single/?no_cache=1&tx_ttnews\[tt_news\]=36080](http://www.jamestown.org/single/?no_cache=1&tx_ttnews[tt_news]=36080)

⁶⁸ http://zeenews.india.com/news/world/us-kazakhstan-sign-air-transit-agreement-for-afghanistan_667817.html

⁶⁹ <http://www.theglobalist.com/storyid.aspx?StoryId=8621>

⁷⁰ <http://www.state.gov/r/pa/ei/bgn/5487.htm>

⁷¹ <http://www.state.gov/r/pa/ei/bgn/5487.htm>

Persian neighbor is grounded in the Russian drive to establish trade and transport links to the Persian Gulf, to coordinate oil and gas export policies, and to counter US influence in the Middle East. Russia also wants to limit Turkey's role in the region, which it views as a proxy of US interests.

Kazakhstan and Iran do not have extensive bilateral political and military ties, but both participate in a multitude of international and regional organizations, including the Shanghai Cooperation Organization. During an April 2009 meeting between the Iranian President Mahmoud Ahmadinejad and Kazakh President Nursultan Nazarbayev, Ahmadinejad noted that "although Iran's ties with Kazakhstan are not longstanding, they are rooted in culture and national interests."⁷²

Kazakhstan takes a similar view towards the Iranian nuclear program as many of its Central Asian neighbors. During his visit to Tehran in June 2006, Kazakh Foreign Minister Kasym-Zhomart Tokayev stated that Kazakhstan opposes the use of nuclear enrichment for military purposes, but supports the peaceful resolution of the dispute over Iran's nuclear program.⁷³

During a June 2009 press conference with Israeli President Shimon Peres, Kazakh President Nursultan Nazarbayev affirmed that "no nuclear material will reach Iran" from Kazakhstan and that "the leak of nuclear materials is a critical issue for us."⁷⁴ Still, in a joint declaration made in 2007, five Caspian states, including Iran and Kazakhstan, agreed that they "under no circumstances will allow the use of their territories by other states for an aggression or other military actions against any of the parties."⁷⁵

Kazakhstan and Iran do have growing economic links. Bilateral trade between the two countries increased fivefold from \$400 million in 2003 to more than \$2 billion in 2009. In April 2007, Iran, Turkmenistan, and Kazakhstan also agreed to cooperate in the construction of a north-south rail line, linking the three countries and providing Central Asia with a direct connection to the Persian Gulf. By July 2010, the parties had completed roughly 300 kilometers of the project. The railway will eventually have the capacity to transport 10 to 20 million tons of freight annually.⁷⁶ As a result of expanded trade from these rail routes, Iranian officials have suggested that bilateral trade could rise to \$13 billion, although given current trade trends, this appears optimistic.⁷⁷

Kazakhstan is a net exporter of refined oil products to Iran, which does not have the capacity to refine a sufficient quantity of oil for domestic use despite its vast crude reserves.⁷⁸ The two

⁷² "Ahmadinejad Sees Brighter Future for Iran-Kazakh Ties," IRNA (April 6, 2009)

⁷³ Marat Yermukanov, "Kazakhstan Seeks Iran's Reconciliation With The West," Eurasia Daily Monitor, Vol 3: 117 (June 16, 2006)

⁷⁴ Haviv Rettig Gur, "We Won't Give Iran Any Nuke Material," Jerusalem Post (June 30, 2009) <http://www.jpost.com/servlet/Satellite?cid=1246296535221&pagename=JPost%2FJPostArticle%2FShowFull>

⁷⁵ "Caspian Nations Hold Exclusive Rights To Caspian Resources," Central Asia And Caucasus Business Weekly (October 23, 2007).

⁷⁶ Iran-Kazakhstan-Turkmenistan Railway Ready in 2011," Fars News Agency (July 5, 2010) <http://english.farsnews.com/newstext.php?nn=8904141436>

⁷⁷ <http://en.trend.az/news/politics/1892789.html>

⁷⁸ "Caspian Nations Hold Exclusive Rights To Caspian Resources," Central Asia And Caucasus Business Weekly (October 23, 2007)

countries are now partners in joint oil and gas projects including construction of a pipeline connecting Kazakhstan, Turkmenistan, and Iran, which will give Astana access to the Asian markets.

There is tension, however, between the two states on the issue of the status of the Caspian Sea. Both have a share of the seabed's resources and both profit from the vast oil reserves there. During the early 1990s, Iran and Russia – and by extension Kazakhstan – used the issue of the status of the Caspian Sea to hinder Western oil development efforts. With Russia's adoption of a more conciliatory stance regarding Caspian seabed development, Iran became isolated in its calls for the Sea to be held in common or for each of the littoral states to control 20 percent of the Sea.⁷⁹

Iran opposes a settlement of the legal status of the Caspian Sea to prevent the construction of trans-Caspian oil and gas pipelines from Kazakhstan and Turkmenistan to Azerbaijan that would not transit Iranian territory. Kazakh President Nursultan Nazarbayev has urged Iran to agree to a median-line delineation of Caspian Sea borders rather than demand territorial concessions (Kazakhstan claims the largest area of seabed), and dangles prospects for energy pipelines through Iran and enhanced trade as incentives to an agreement.⁸⁰

Implications for US Policy

Kazakhstan lies outside the Iranian strategic orbit and has developed closer ties with the US in recent years. Much, however, will depend on US policy towards Central Asia, and the flow of aid, as the US withdraws its combat forces from Afghanistan. The US needs to understand that its success in Kazakhstan – like its success in dealing with most Central Asia countries – will be determined principally by two factors: the advantages Kazakhstan gets out of its relations with the US relative to the advantages it gets from its relations with Iran, and the extent Kazakhstan sees the US as a useful counterweight in any tensions with Iran. No amount of US rhetoric or regional diplomacy is likely to have much impact on a largely pragmatic Kazakh regime which will pursue its own view of its own interests with a largely rentier mentality.

The US should aim to continue building a positive relationship with Astana that reflects the two countries' shared interests in developing the Kazakh energy sector, building regional stability and cooperating on issues related to terrorism, narcotics and smuggling. The US can also assist in the professionalization of the Kazakh armed forces, which is still a 70 percent conscript force.⁸¹

As a result of these relations, Iranian influence, particularly pertaining to competition, will remain extremely limited inside Kazakhstan. Astana has expressed a willingness to cooperate with US sanctions and does not support the Iranian nuclear program; however, Iran and Kazakhstan coexist in the same regional neighborhood, and such have growing economic and energy links.

The US has the potential to play a positive role in Kazakhstan, helping the country transition to more democratic and representative rule, and towards a more prosperous economic future. The US has the potential to be a major stakeholder and partner in the development of the Kazakh energy sector, and already major US oil companies such as ConocoPhillips, ExxonMobil, and

⁷⁹ <http://www.hsdl.org/?view&doc=114316&coll=limited>

⁸⁰ <http://www.hsdl.org/?view&doc=114316&coll=limited>

⁸¹ <http://richardbrenneman.wordpress.com/2011/01/09/wikicable-kazakhstan-as-a-pentagon-satellite/>

Chevron have significant ownership stakes in Kazakh oil projects. However, the US should not allow energy interests to prevent it from pushing Kazakhstan to improve its halting moves towards democracy, and improve its human-rights record. The US can also deepen economic cooperation, and help the Kazakh government distribute oil wealth better.

Kyrgyzstan

Kyrgyzstan is a former Soviet Republic, and Russia is the focal point its foreign policy and the power with which it maintains closest relations. Still, the United States provides humanitarian assistance, non-lethal military assistance, and assistance to support economic and political reforms. Washington also helped the Kyrgyz Republic accede to the WTO in December 1998.

US and Kyrgyzstan Relations and Tensions

While Washington has provided Kyrgyzstan with substantial assistance, amounting to \$953 million dollars in aid between 1992 and 2008,⁸² the relationship is not unidirectional. In order to diversify supply routes to Afghanistan to meet immediate military needs, US military planners have adopted the Northern Distribution Network (NDN), a commercially based logistical corridor connecting Baltic and Black Sea ports with Afghanistan, Central Asia, and the Caucasus. From December 2001, the Kyrgyz Republic hosted the Manas Transit Center, an important logistical hub for the coalition effort in Afghanistan. The base also provided an opportunity for the United States to help facilitate intraregional trade.

Manas has been a source of tensions in US-Kyrgyz relations, and is perceived as a symbol of US support for Kyrgyz dictators, including former Presidents Bakiyev and Akayev, both of whom were overthrown in popular uprisings. Current President Rosa Otunbayeva, who came to power following President Kurmanbek Bakiyev in mid-2010, told the Washington Post: “You [the US] came to us to help us build democracy. And then just one day you put your hands over your mouth just to have a base.”⁸³

Even before the 2010 uprising, the US faced challenges in keeping the base open. In February 2009, the Kyrgyz Parliament voted to close the base after the two governments failed to agree on a higher rent for the property.⁸⁴ American and Kyrgyz officials continued negotiations after the announcement and agreed that the United States would pay \$60 million for continued use of the facilities, three times the previous rent. Additionally, Kyrgyz forces now handle security in the surrounding areas while American forces continue to provide security for the facility itself. The site is now called a “transit center” instead of an “air base.”⁸⁵ US Secretary of State Hillary Clinton has stated that the base will likely be closed when the Afghan mission ends.⁸⁶

⁸² <http://www.fas.org/sgp/crs/row/97-690.pdf>

⁸³ http://www.rferl.org/content/arab_spring_kyrgyzstan_reaping_what_we_sow/24228472.html

⁸⁴ Pronina, Lyubov "Kyrgyzstan to Close U.S. Air Base Used for Afghan War". Bloomberg (3 February 2009). <http://www.bloomberg.com/apps/news?pid=20601103&sid=a45p.N1wLfyo>

⁸⁵ Michael Schwartz. "In Reversal, Kyrgyzstan Won't Close a U.S. Base". New York Times (23 Jun 2009). <http://www.nytimes.com/2009/06/24/world/asia/24base.htm>

⁸⁶ Ibid.

At one point, the United States and Kyrgyzstan held discussions about building a second \$10 million US military training base in the city of Osh, which would have included a secure garrison as well as various range facilities.⁸⁷ The US is believed to have continued pushing for the facility with President Otunbayeva after Bakiyev was ousted,⁸⁸ although these attempts were unsuccessful.⁸⁹ However, in March 2011, President Otunbayeva revived plans for a US-funded anti-terrorism center in the city of Batken, which would also help train Kyrgyz counter-terrorist and border security forces.⁹⁰

Continued allegations of corruption in the contracts to supply the Manas base with fuel are believed to be one of the most important sources of anti-Americanism in Kyrgyzstan.⁹¹ It is alleged that some of the firms that secured the lucrative contracts had links to the family of former President Bakiyev.⁹²

Nevertheless, Washington has worked diligently to build relations with President Otunbayeva. The US pledged diplomatic and financial support to assist the administrative transition, including \$60 million in various forms of economic and aid assistance.⁹³ In March 2011, the US State Department also awarded President Otunbayeva their prestigious ‘Women of Courage’ award and Secretary of State Clinton praised her “tremendous courage, leadership and tenacity,” as well as her work to transform the authoritarian state into a parliamentary democracy.⁹⁴

The practical issue for both countries, however, is what will happen as the US phases its force out of Afghanistan, and reshapes its policies toward Central Asia. The US will then have very limited reason to be concerned with the future of Kyrgyzstan, and Kyrgyzstan will have far more interest in seeking its own advantage by playing off all of its neighbors to see what it can get.

Iran and Kyrgyzstan Relations and Tensions

Kyrgyzstan takes positions on Iran that are very similar to those of Moscow. It has close economic ties to Russia, and China has so far shown only limited interest in building up major economic links.

The Kyrgyz Republic and Iran have conducted relations on many fronts, but have few military ties. Like Russia, they share common problems with narcotics. Kyrgyzstan suffers significant spillover from the Afghan narcotics trade. The UN Office for Drug Control (UNODC) has identified Kyrgyzstan as an important source of precursor materials for processing Afghan

⁸⁷ <http://www.washingtonpost.com/wp-dyn/content/article/2010/08/06/AR2010080606148.html>

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[http://www.jamestown.org/programs/edm/single/?tx_ttnews\[tt_news\]=36855&tx_ttnews\[backPid\]=27&chash=340e59e20d](http://www.jamestown.org/programs/edm/single/?tx_ttnews[tt_news]=36855&tx_ttnews[backPid]=27&chash=340e59e20d)

⁸⁹ <http://www.eurasianet.org/node/61809>

⁹⁰ <http://www.telegraph.co.uk/news/worldnews/asia/kyrgyzstan/8368506/Kyrgyz-President-calls-for-US-funded-anti-terror-base.html>

⁹¹ http://www.rferl.org/content/arab_spring_kyrgyzstan_reaping_what_we_sow/24228472.html

⁹² <http://www.tnr.com/article/politics/82258/Kyrgyzstan-crisis-US>

⁹³ <http://www.whitehouse.gov/the-press-office/2010/09/24/fact-sheet-us-assistance-kyrgyzstan>

⁹⁴ <http://www.bbc.co.uk/news/world-asia-pacific-12677394>

opium,⁹⁵ and views the drug trade and the attendant organized crime networks as “undermining stability, development and the rule of law, and jeopardizing the political reform process.”⁹⁶ There are also growing signs that fundamentalism, facilitated by the war in Afghanistan, is resurgent in the Ferghana Valley, which spreads across Kyrgyzstan, Uzbekistan and Tajikistan.

In the economic realm, the two countries have signed agreements on cooperation in the spheres of transport, customs, trade and economic relations and have expressed hopes to increase their annual trade turnover to \$100 million. Moreover, in 2008, Iran pledged 200 million euros to support economic projects in Kyrgyzstan. Iran has also voiced its support for Kyrgyzstan’s first parliamentary elections.⁹⁷ From Washington’s perspective, the most worrisome incident in recent years occurred in late 2007, when Uzbek officials intercepted a cargo of radioactive materials en route from Kyrgyzstan to Iran.⁹⁸ Embassy cables released by Wikileaks speculate that the cargo was mostly likely cesium or uranium.

Nevertheless, neither the United States nor Iran has extensive economic interests in Kyrgyzstan. For the US, the country is important primarily as a staging area and transit route to support the Afghan War, and as fledgling democracy in Central Asia. As the republic is neither politically crucial nor rich in energy deposits, Kyrgyzstan is not a critical area of competition in the US-Iranian struggle for regional preponderance.

Implications for US Policy

The US must now reevaluate its entire policy towards Central Asia, and Kyrgyzstan will be part of this evaluation. If the US wants to keep its basing rights and influence, it will have to pay accordingly. If it feels that Central Asia is at best peripheral to US strategic interests – and the Russian, Chinese, Turkish, and Iran competition in the new great game will ensure any indirect threats to the US are limited – it can shift to limited aid and conventional diplomacy. In balance, the best way to win the new great game may well be for the US to largely stand aside and let those who have to play it, play it.

Tajikistan

Both the United States and Iran established bilateral ties with Tajikistan after the collapse of the Soviet bloc. Washington recognized Tajikistan on December 25, 1991, the day the Soviet Union dissolved, and opened a temporary embassy in the capital of Dushanbe in March 1992. Iran, meanwhile, has close cultural ties to Tajikistan and has extended financial patronage to the country, but religious and political differences persist. EurasiaNet, a prominent blog on Central Asian geopolitics, commented on the relationship that, “It has long been clear that Iranian money is welcome in Dushanbe but the Islamic Republic’s politics are not.”⁹⁹

⁹⁵ <http://www.unodc.org/unodc/en/data-and-analysis/WDR-2011.html>

⁹⁶

http://www.rferl.org/content/un_sees_decline_in_afghan_opium_production_but_predicts_rise/24245253.html

⁹⁷ <http://www.presstv.ir/detail/149758.html>

⁹⁸ <http://www.eurasianet.org/node/62810>

⁹⁹ <http://www.hurriyetdailynews.com/n.php?n=tajikistan-distancing-itself-politically-from-iran-2011-03-08>

US Relations with Tajikistan

US-Tajik relations have developed considerably since September 11, 2001. The two countries now have a broad-based relationship, cooperating in such areas as counter-narcotics, counterterrorism, and non-proliferation. Tajikistan has been a strong supporter of US efforts to counter terrorism and to promote peace and stability in Afghanistan. With the fall of the former Taliban government, Tajikistan now has much friendlier relations with its neighbor to the south. For instance, a US-funded \$36 million bridge over the Pyanzh River connecting Sher Khan, Afghanistan with Nizhniy Pyanzh, Tajikistan opened for commercial traffic in October 2007. Since then, trade volume has more than tripled. In February 2010, the US and Tajikistan launched an annual bilateral consultation process to enhance cooperation on a broad range of issues.¹⁰⁰

The United States presently assists Tajikistan with its economic and political development, as Tajikistan recovers from the legacy of its mid-90s civil war. US assistance also supports health and education, as well as democracy, media, and local governance. Washington leads an international donor effort to prevent the transit of narcotics, stop the spread of technology related to weapons of mass destruction (WMD), and support a stable, peaceful Tajikistan in order to prevent the spread of influence and activities of radical groups and terrorists. Rampant illicit trafficking of Afghan opium and heroin through Tajikistan remains a serious long-term threat to Tajikistan's stability and development, fostering corruption, crime, and economic distortions.¹⁰¹

The US has some military-to-military cooperation with Tajikistan that may have expanded as a result of Russian-Tajik tensions. In 2005, Tajikistan expelled Russian border guards and advisors, allegedly for plotting a coup against the Tajik president.¹⁰² Since then, senior Tajik defense officials have made attempts to increase cooperation with their US counterparts, an initiative highlighted in US embassy cables released by Wikileaks.¹⁰³ Many officials in Washington have been receptive to these attempts, as Tajikistan has often been touted by analysts as the most viable alternative to Kyrgyzstan if the Manas transit center were to close.¹⁰⁴

In June 2010, construction began on a US-funded National Training Center to help build the counterterrorist and counternarcotics capabilities of Tajik security forces. CENTCOM has also helped sponsor the construction of border outposts to build Tajik capacity to combat the narcotics trade from Afghanistan, as well as assisted in building Tajikistan's peacekeeping and de-mining capacity.¹⁰⁵

Iranian Relations with Tajikistan

Iran was one of the first countries to extend diplomatic recognition to the newly independent Tajikistan in 1991 and the first nation to establish an embassy in Dushanbe. In the immediate aftermath of Tajik independence, Iran also provided diplomatic assistance and built new

¹⁰⁰ <http://www.state.gov/r/pa/ei/bgn/5775.htm#relations>

¹⁰¹ <http://www.state.gov/r/pa/ei/bgn/5775.htm#relations>

¹⁰² <http://www.guardian.co.uk/world/us-embassy-cables-documents/46612>

¹⁰³ <http://www.guardian.co.uk/world/us-embassy-cables-documents/73307>

¹⁰⁴ <http://www.eurasianet.org/node/62570>

¹⁰⁵ <http://www.centcom.mil/press-releases/centcom-tajikistan-expand-security-partnership>

mosques across the country. Due to the resurgence of Iranian culture within Tajikistan, Iran encourages cultural exchange through conferences, media, and film festivals, which have become increasingly common in Tajikistan. Iranian President Mahmoud Ahmadinejad in 2006 described the relationship as akin to “one soul in two bodies,”¹⁰⁶ a strong phrase but one that he has used to describe Iranian relations with various other nations, including Iraq and Pakistan.

During a visit to Iran in 2005, Rajabmad Amirov, the Tajik minister of culture, stated that his country shares cultural and historical roots with Iran which “create favorable grounds for developing bilateral relations.”¹⁰⁷ In order to expand these bonds, Tajikistan and Iran announced in June 2009 that they are working to create a joint Academy of Sciences, Arts and Literature. However, these strong cultural ties do not transcend important differences. There remain salient distinctions in the two countries’ systems of government – Tajikistan’s is secular, whilst Iran’s is Islamic – and religious demographics – Tajikistan is predominantly Sunni, whereas Iran is primarily Shia.

Iran is the second largest investor in Tajikistan, after China. The two countries have cooperated in a number of development and industrial projects and enjoy a reasonably strong level of economic cooperation. Bilateral trade between the two has risen from \$40 million in 2000 to \$140 million in 2007, making Iran one of Tajikistan’s top five trade partners.¹⁰⁸ Iran is reported to have invested as much as \$600 million in Tajikistan in 2010,¹⁰⁹ and in February 2011, it announced plans to invest \$500 million to construct a cement production plant in Tajikistan’s Khatlon province.¹¹⁰

Iran has struggled to navigate the complex dynamics of Uzbek-Tajik rivalry. Tajikistan (along with Kyrgyzstan) controls much of the water resources in Central Asia but is dependent on Uzbekistan for as much as 95 percent of its energy supplies.¹¹¹ Iran has closer cultural ties with Persian-speaking Tajikistan, but significantly larger trade ties with Uzbekistan. Iran’s heavy investment in hydroelectric power in Tajikistan has caused tension with Uzbekistan, which fears that such projects will have negative impacts on its agricultural sector and magnify its water scarcity. As a result Uzbekistan has sometimes blocked Tajik rail transit – including Iranian railcars bound for Tajikistan with components for construction of the Sangtuda-2, a 220 MW hydropower plant being built with \$180 million of Iranian assistance on the Vaksh River. In retaliation Iran has threatened to block Uzbek railcars transiting its territory, and has since decided to fly in the key equipment to avoid land transit altogether.¹¹²

Iran and Tajikistan have worked to establish ties in the realm of defense and regional security. During a March 2009 meeting in Afghanistan, Iran and Tajikistan affirmed their commitment to

¹⁰⁶ “Ahmadinejad sees no limit to expansion of ties with Tajikistan”, Mehr News Agency , <http://www.mehrnews.com/en/NewsDetail.aspx?NewsID=279296>, 2006/01/17

¹⁰⁷ “Tajikistan, Iran Strike Cultural Cooperation Deal,” BBC Monitoring International Reports, March 6, 2005”

¹⁰⁸ International Monetary Fund, Department of Trade Statistics, www.imfstatistics.org/dots

¹⁰⁹ [http://www.jamestown.org/single/?no_cache=1&tx_ttnews\[tt_news\]=36799](http://www.jamestown.org/single/?no_cache=1&tx_ttnews[tt_news]=36799)

¹¹⁰ <http://english.farsnews.com/newstext.php?nn=8911231179>

¹¹¹ <http://www.isn.ethz.ch/isn/Current-Affairs/ISN-Insights/Detail?lng=en&id=127172&contextid734=127172&contextid735=127166&tabid=127166127172>

¹¹² http://www.rferl.org/content/iran_hydropower_tajikistan/2263247.html

working together to restore peace and security to that country.¹¹³ Tajikistan has close cultural links with the Tajiks of northeastern Afghanistan and, much like Iran, has a strong antipathy towards any resurgent Talibanization of Afghanistan.¹¹⁴ Violence from the war has spilt over into the Rasht Valley, which has witnessed militant attacks, suicide bombings, and jailbreaks.¹¹⁵ These have primarily been the work of the Islamic Movement of Uzbekistan (IMU), a transnational terrorist group allied with the Afghan Taliban.

In a meeting with Ayatollah Khamenei and the Presidents of Afghanistan, Iran, and Tajikistan, Khamenei claimed that, “their [the United States’] presence in Afghanistan has brought the Afghan people nothing but trouble, sedition, corruption and decay,” and called for the resumption of a regional alliance, in reference to the Iranian-Indo-Russian cooperation with the Northern Alliance during the Afghan civil war of the 1990s.¹¹⁶

Yet, although Iran and Tajikistan have held discussions on increasing their military cooperation, Tajikistan is currently bound by military agreements with Russia, which prevent it from pursuing greater cooperation with Iran.¹¹⁷ In addition, Dushanbe fears the rise of any Islamic religious radicalism, and although the Shia population in Tajikistan is small, the government is wary that returned Iranian seminary graduates could incite violence and anti-state activity. In 2010, the Tajik government ordered home 200 students studying in Tehran and pulled 90 Tajik students out of a school run by the Iranian embassy in Dushanbe.¹¹⁸

The Tajiks have tended to side with Iran over the issue of nuclear energy. Tajikistan’s first deputy secretary-general of the People’s Democratic Party, Ali Dolatzadeh, has stated that the international community must respect Iran’s right to use nuclear energy for peaceful purposes. In August 2008, Dolatzadeh said that “the claims that Iran is developing atomic weapons should be proved at the first hand” before the international community can take measures against Iran.¹¹⁹ Tajik Foreign Minister Khamrokhon Zarifi has voiced skepticism over the use of sanctions against Iran, stating that he “does not think that the Security Council resolutions would be a useful means to resolve global issues but instead it will make them more complicated.”¹²⁰

Following the contested June 2009 presidential elections in Iran, Tajikistan’s president, Emomali Rahmon, voiced his support for the regime by congratulating President Ahmadinejad on his re-election: “your landslide victory in free and transparent elections is evidence that Iranian people

¹¹³ “Iran, Tajik Ministers Pledge Efforts To Restore Peace In Afghanistan”, Ariana TV (March 20, 2009)

¹¹⁴ <http://www.understandingwar.org/themenode/tajikistan-and-afghanistan>

¹¹⁵ http://www.longwarjournal.org/archives/2010/09/suicide_bomber_strik_5.php

¹¹⁶ <http://www.opendemocracy.net/ehsan-azari-stanzai/iran-reinvigorates-strategy-for-regional-dominance>

¹¹⁷ “Tajik Pundits Say Military Cooperation With Iran Not Expedient”, Nigoh (November 20, 2008)

¹¹⁸ <http://www.hurriyetdailynews.com/n.php?n=tajikistan-distancing-itself-politically-from-iran-2011-03-08>

¹¹⁹ “Tajik Official Urges World To Respect Iran's N. Rights”, Fars News Agency (August 28, 2008)

¹²⁰ “Tajikistan Urges Dialogue to Resolve Iran's N. Issue,” Fars News Agency (June 25, 2010)

<http://english.farsnews.com/newstext.php?nn=8904040315>

supports your policy.”¹²¹ Yet, areas of tension are growing. Several high-profile diplomatic visits between the two countries have been cancelled in early 2011, and Tajikistan rebuffed an Iranian proposal to end visa restrictions between the two countries.¹²²

Implications for US Policy

Tajikistan is not a major sphere of US-Iranian strategic competition. The US has limited influence and interests in Tajikistan, and Iranian relations, while strong due to cultural affinity, face obstacles to any further deepening of ties. Once again, The US must reevaluate its entire policy towards Central Asia as a result of its withdrawal from Afghanistan and the central issue will be whether the US feels that Central Asia has become peripheral to US strategic interests. Policy calculations must, however, include the fact that of the Central Asian Republics, Tajikistan is one of the most susceptible to instability emanating from a post-US Afghanistan, and violence in the country could imperil US investments across the region.

Turkmenistan

Turkmenistan gained its independence from the Soviet Union in 1991. The Turkmen government operates as a single-party system and was led by President for Life Saparmurat Niyazov (called "Türkmenbaşy" — "leader of the Turkmens") until his sudden death on 21 December 2006. Gurbanguly Berdimukhammedov was elected the new president on 11 February 2007. In 1995, the Government of Turkmenistan made a declaration of “permanent neutrality,” which was subsequently recognized by the United Nations. It is not closely involved with either the United States or Iran, but has the potential to become an area where competition will increase.

US Relations with Turkmenistan

Despite its official neutrality, the Government of Turkmenistan currently engages with the United States in many areas, including cooperation on border and regional security programs. Turkmenistan declined to participate in the Northern Distribution Network and has refused to allow US supply routes to pass through its territory. Nevertheless, Turkmenistan allows overflights to support the US war effort in Afghanistan and has made high-profile purchases of military equipment from the United States, including Boeing aircraft. However, Turkmenistan is a troubling partner for Washington, due to its poor human rights record and authoritarian political system. The government has taken some steps forward in human rights reform, such as lifting its exit visa requirement and allowing the registration of some religious minority groups; however, its overall record remains poor.

Unlike the Bush Administration, which neglected Turkmenistan in favor of military and strategic cooperation with Kyrgyzstan and Uzbekistan, the Obama Administration has made limited steps towards rapprochement. Many analysts believe energy cooperation to be the cornerstone of the relationship.¹²³ Data on Turkmenistan is limited but the IEA has estimated that the country has

¹²¹ “Rahmon Congratulates Ahmadinejad On Landslide Victory In Iran’s Presidential Election”, Asia-Plus (June 6, 2009) <http://www.asiaplus.tj/en/news/16/53077.html>

¹²² <http://www.hurriyetdailynews.com/n.php?n=tajikistan-distancing-itself-politically-from-iran-2011-03-08>

¹²³ <http://www.worldpoliticsreview.com/trend-lines/8961/global-insider-u-s-turkmenistan-relations>

the world's fourth largest natural gas reserves,¹²⁴ including the South Yolatan gas field, which was assessed as among the biggest in the world.¹²⁵

The American energy giant ExxonMobil Corp. reopened its office in Turkmenistan in 2010, and several other US companies, including Chevron, ConocoPhillips and TXOil Ltd, bid for oil blocks in the Caspian Sea.¹²⁶ In June, US special envoy Richard Morningstar met with President Berhymukhamedov and praised the country's energy policies.¹²⁷ Morningstar also testified before the US Foreign Relations Committee in June that Turkmenistan was investing in infrastructure to export gas to the West.¹²⁸ Then, in May 2011, the US appointed its first ambassador to Turkmenistan in five years, after having allowed the position to lie vacant since mid-2006.

Relations between the United States and Turkmenistan have also been hurt by the Wikileaks incident. Leaked embassy cables described President Berdymukhamedov as "not a very bright guy," and "vain, suspicious, guarded, strict, very conservative, a practiced liar, a good actor, and "vindictive." The cable also noted that Berdymukhamedov was not fond of either the US or Iran, but preferred China, probably because he believed that Beijing could do more for Turkmenistan.¹²⁹

Iranian Relations with Turkmenistan

Iran shares a 1,200-mile border with Turkmenistan, and was the first nation to recognize Turkmenistan as an independent nation in 1991. Since then, the two countries have enjoyed strong and diverse trade relations. In 2009, Iran was Turkmenistan's second largest trade partner, with bilateral trade totaling \$3.5 billion.¹³⁰ In contrast, US bilateral trade in 2010 totaled about \$88.1 million according to figures provided by the US census bureau.¹³¹

As Turkmenistan has extensive hydrocarbon reserves, energy factors extensively into both bilateral economic interaction and US-Iranian strategic competition. Indeed, Iran's ties with Turkmenistan are growing in the area of petroleum exports. Turkmenistan's first pipeline from Central Asia to the world beyond Russia was a 125-mile gas link to Iran. In 2006, Turkmenistan provided 282.5 bcf of gas to Iran, and in July 2009 Ashgabat and Tehran agreed to expand Turkmenistan's annual volume of gas exports to Iran to roughly 1.4bcfd from a previous

¹²⁴ http://www.iea.org/country/n_country.asp?country_code=tm

¹²⁵ http://www.upi.com/Business_News/Energy-Resources/2011/06/14/US-energy-envoy-meets-Turkmen-president/UPI-69281308053472/

¹²⁶ <http://www.reuters.com/article/2011/05/16/us-turkmenistan-us-ambassador-idUSTRE74F30320110516>

¹²⁷ http://www.upi.com/Business_News/Energy-Resources/2011/06/14/US-energy-envoy-meets-Turkmen-president/UPI-69281308053472/

¹²⁸ <http://in.reuters.com/article/2011/06/02/idINIndia-57465720110602>

¹²⁹ <http://www.guardian.co.uk/world/us-embassy-cables-documents/240618>

¹³⁰ "Iranian Radio Says Turkmenistan Second Major Trade Partner," Voice of the Islamic Republic of Iran (April 23, 2010).

¹³¹ http://www.census.gov/foreign-trade/Press-Release/2010pr/final_revisions/10final.pdf

contractual volume of 800 MMcfd.¹³² The increase will be transported via a new pipeline from the Davletabad field to Iran, though the field had previously been reserved exclusively for deliveries to Russia.¹³³ The neighbors inaugurated the Davletabad–Sarakhs–Khangiran pipeline in 2010.

In addition, the two countries are partners in the construction of the Korpeje-Kurt Kui gas pipeline in western Turkmenistan and are possible future participants in the Nabucco pipeline project, which would transport gas from the region to European markets.¹³⁴ The *Oil and Gas Journal* expects Iranian dependence on Turkmen energy to increase in 2010-2015, as virtually all its domestic projects in the South Pars field have been delayed due to international sanctions.¹³⁵

Iranian-Turkmen energy relations have had problems. At the end of 2007, Turkmenistan suddenly suspended gas shipments, causing hardship in northern Iran. The primary reason for the cut-off was Turkmen demands for higher payments. Gas shipments resumed in late April 2008 after Iran agreed to a price boost.¹³⁶ In December 2008, the Islamic Republic agreed to work with Turkmenistan in developing some of the country's large gas fields, including the large Yolotan gas field.¹³⁷ In June 2011, the two countries announced joint exploitation of the Gonbadli sweet gas field in northeast Iran.¹³⁸

The Caspian Sea is another area where Turkmen and Iranian interests coincide. The five states of Central Asia wrestle with sharing limited water resources and with mitigating environmental degradation caused by the shrinking of the Aral Sea. Multilaterally accepted Caspian Sea seabed and maritime boundaries have not yet been established. Iran insists on dividing the Caspian Sea into five equal sectors, with each of the littoral states controlling 20 percent of the sea, while Azerbaijan, Kazakhstan, and Russia have generally agreed upon equidistant seabed boundaries. Unlike other Caspian states, Turkmenistan agrees with Iran that rights to the Caspian Sea's resources should be redistributed into five equal parts between the littoral states.¹³⁹

Turkmenistan takes a similar approach to Iran's nuclear program to that of the other Caspian states. In July 2008, the Turkmen foreign minister, Rasit Meredow, said that his country supports Iran's peaceful nuclear research.¹⁴⁰ Furthermore, during a conference in 2007, the five

¹³² <http://www.ogj.com/index/article-display.articles.oil-gas-journal.volume-108.issue-15.technology.development-constraints.html>

¹³³ Alexander Vershinin, "Turkmenistan Plans Gas Pipeline To Supply Iran From Field Previously Reserved For Russia," Associated Press (July 12, 2009).

¹³⁴ "Second Pipeline Will Boost Gas Exports By 12 bcm a Year," Hamsayeh (January 5, 2010) http://www.hamsayeh.net/hamsayehnet_iran-international%20news740.htm

¹³⁵ <http://www.ogj.com/index/article-display.articles.oil-gas-journal.volume-108.issue-15.technology.development-constraints.html>

¹³⁶ "Iran May Sue Turkmenistan For Cuts In Gas Supplies In Jan 08 – Minister," Press TV Online (March 5, 2009)

¹³⁷ "Iran Ready to Develop Cultural Cooperation with Turkmenistan," IRNA (February 3, 2009)

¹³⁸ <http://www.azadnegar.com/article/iran-turkmenistan-start-gas-exploitation-operation-joint-field>

¹³⁹ Ariel Cohen, "Iran's Claim Over Caspian Sea Resources Threaten Energy Security," Backgrounder, 1582, The Heritage Foundation (September 5, 2002).

¹⁴⁰ "Turkmenistan Supports Iran's Nuclear Programme - Iranian radio," Voice of the Islamic Republic of Iran (July 30, 2008).

states bordering the Caspian Sea —Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan — declared that they would all support one another’s rights to peaceful nuclear programs: “the parties confirm the inalienable right of all state-signatories to the treaty on the nonproliferation of nuclear weapons to develop research and the production and utilization of nuclear energy for peaceful purposes without discrimination and within the framework of the provisions spelt out in this treaty, as well as those of the International Atomic Energy Agency mechanism.”¹⁴¹

The only area where there is great scope for disagreement is in the area of religion. The leaders of Turkmenistan display hostility toward Islamic fundamentalism. Most of the people in Turkmenistan are Sunni Muslims. This religious divergence, coupled with the fact that Iran has an Islamic theocracy and Turkmenistan has a secular dictatorship, has also prevented the two countries from developing an even closer friendship.

Implications for US Policy

Turkmenistan is a country where competition between the United States and Iran has the potential to increase, given the overtures the Obama administration has been making to Ashgabat and each adversary’s desire to access Turkmenistan’s extensive hydrocarbon reserves. Iran has a head start in building its bilateral energy relationship with Turkmenistan. The two countries are stakeholders in several shared pipelines and have agreed to jointly exploit Turkmenistan’s Yolotan gas field and Iran’s Gonbadli gas field. Yet, Iranian-Turkmen energy relations have had problems, including suspensions of shipments and price disputes. Given these tensions, even though the United States does not have as deep an energy partnership with Turkmenistan, it can position itself as an alternative investor, now that it has re-established relations with Ashgabat.

The Obama administration will, however, have to build this relationship from a weak base, and deal with the impact of Russia and China as well as Iran. The previous administration chose to focus on military and strategic cooperation with Kyrgyzstan and Uzbekistan and Turkmenistan declined to participate in the Northern Distribution Network and refused to allow US supply routes to pass through its territory, due to its official policy of neutrality.

Turkmenistan does allow over-flights to support the US war effort in Afghanistan and has made high-profile purchases of military equipment from the United States, including Boeing aircraft. However, the US is scarcely its sole source of such equipment. Turkmenistan also has significant commercial relationships with Turkey, Russia, China, and – notably – Iran. It is also far from clear how much the US will pursue such activities as it phases out of Afghanistan and its strategic interest in Turkmenistan declines.

The United States is going to have to make a considered choice about how much it wishes to engage with Turkmenistan, given its poor human rights record and its single-party system of government, which does not even meet the even basic standards of democracy. A lack of engagement with Turkmenistan has not isolated Turkmenistan or served to encourage positive change. In order to prevent Turkmenistan from leaning towards the Iranian camp, the Washington should seek to bolster its relations with Ashgabat, but this must not be done at the expense of human rights. As they build US-Turkmen energy relations, US policymakers should also seek to incentivize change in the Turkmen regime.

¹⁴¹ “Did Caspian Summit Share the Sea or Iran’s Oil Resources?,” *Oil And Gas Journal* (January 28, 2008)

Uzbekistan

Uzbekistan had Central Asia's largest population, and borders all other Central Asian states. Its growth invariably affects issues such as energy, water, and trade. As such, it has some importance to US interests in ensuring stability and security in the region. Uzbekistan and Iran have more limited cooperation, although the two countries have deep cultural and historical ties.

US Relations with Uzbekistan

The United States recognized the independence of Uzbekistan on 25 December 1991 and opened an Embassy in Tashkent in March 1992. Cooperation between the two countries was initially close following the 11 September terrorist attacks and the start of the war in Afghanistan. However, relations eventually cooled due to Uzbekistan's poor human rights record, particularly after violence in Andijan in May 2005, when security forces killed several hundred protestors. Since mid-2007, the United States and Uzbekistan have begun to rebuild cooperation on issues of mutual concern, including security and economic relations, as well as political and civil society issues. Uzbekistan now plays an important role in the Northern Distribution Network (NDN), a logistical route for NATO supplies to Afghanistan.

US-Uzbek trade relations are regulated by a bilateral trade agreement, which extends most-favored-nation status to each partner. A Bilateral Investment Treaty was signed in 1994, but it is unlikely that it will enter into force until Uzbekistan embarks on economic reform. Since 1993, USAID has provided over \$330 million in assistance to Uzbekistan to mitigate potential instability while providing a basis for economic growth. In cables released by Wikileaks, US embassy officials detailed a culture of rampant corruption and close symbiosis between the state and organized crime in Uzbekistan,¹⁴² as well as accounts of how President Karimov's eldest daughter forced out US investment company Telecom Inc. in order to take control over its business.¹⁴³

In July 1994 Uzbekistan joined the NATO Partnership for Peace program and in March 2002 it signed the US-Uzbek Declaration on the Strategic Partnership and Cooperation Framework. The Strategic Framework Agreement provides for military, diplomatic, and economic cooperation between the two countries.¹⁴⁴ However, in 2004, the US Congress forbade the State Department to dispense military aid to Uzbekistan as a result of continued human rights abuses. According to some analysts, despite these restrictions, the Department of Defense has sustained as much military cooperation as possible.¹⁴⁵

Uzbekistan possesses the largest military forces in the Central Asian region, with around 65,000 troops. The military inherited its force structure from the Soviet armed forces, although it is restructuring with a focus on light and Special Forces. The Uzbek Armed Forces' equipment is outdated and training is inadequate for its new mission of territorial security. The government has accepted the arms control obligations of the former Soviet Union, acceded to the Nuclear

¹⁴² <http://www.guardian.co.uk/world/us-embassy-cables-documents/62979>

¹⁴³ <http://www.itnews.com.au/News/241785.cablegate-uzbek-first-daughter-ran-us-telco-out-of-town.aspx>

¹⁴⁴ United States – Uzbekistan Declaration On The Strategic Partnership And Cooperation Framework, United States Department Of State: Office Of The Spokesperson (March 12, 2002), http://www.fas.org/terrorism/at/docs/2002/US-Uzbek_Declaration.htm

¹⁴⁵ <http://the-diplomat.com/2010/11/14/the-us-and-its-friendly-dictator/2/>

Non-Proliferation Treaty as a non-nuclear state, and has supported an active program by the US Defense Threat Reduction Agency (DTRA) to demilitarize and clean up former weapons of mass destruction-related facilities in western Uzbekistan (Nukus and Vozrozhdeniye Island).

Beginning in the late 1990s until 2004, the government received US Foreign Military Financing (FMF), International Military Education and Training (IMET), and other security assistance funds. New FMF and IMET assistance to Uzbekistan was stopped in 2004, as the State Department was unable to certify that Uzbekistan was making progress in meeting its commitments, including respect for human rights and economic reform. President Karimov, Uzbekistan's first and only post-independence president, routinely stifles political dissent in Uzbekistan, banning opposition groups and jailing dissidents. His administration has routinely been cited as being complicit in torture. Uzbekistan faced international condemnation in 2005 after security forces in the city of Andijan killed hundreds of unarmed protesters.

In 2005, in response to US criticism of the events at Andijan, Uzbekistan shut down a US airbase on its territory. Uzbekistan had approved US Central Command's request for access to a vital military air base in the south following 9/11, but asked the US to leave after the criticism. All US forces departed this facility by November 2005.

The base remains closed, but relations has improved. General David Petraeus made a high-profile visit to the country in 2009 to discuss a possible Uzbek role in the US-led war in Afghanistan. As tensions with and instability inside Pakistan increase, the utility of an alternative transit route, namely the Northern Distribution Network, has grown in importance. Uzbekistan is has some of the best developed road-and-rail networks between Afghanistan and Central Asia, particularly from Termez to Mazar-i-Sharif.¹⁴⁶ In April of 2009, the two countries signed a deal to allow supplies for the NATO effort to travel through Uzbekistan. In November 2010, CENTCOM commander General James Mattis visited Uzbekistan to sign a security cooperation pact which included provisions for military training. The administration has continued to push Uzbekistan to improve its human rights record, but the country's territory – and proximity to the war in Afghanistan – is viewed as too valuable for it to be cut off altogether.

¹⁴⁶ http://oilandglory.foreignpolicy.com/posts/2011/01/18/why_the_us_should_speak_up_on_uzbekistan

Figure 2



Source: GAO analysis of data from the Consultative Group for the Transport Sector and USAID.

Supplemented by Subcommittee staff

Source: US House of Representatives, *Warlord, Inc.* (June 2010), p. 8.

Iranian Relations with Uzbekistan

Iran-Uzbekistan relations have roots in the cultural and historical ties between the two countries. Iran has been especially active in pursuing economic projects and social, cultural, and diplomatic initiatives in Uzbekistan. Nevertheless, Uzbekistan's political and military cooperation with Iran has been limited, partly due to the difference in political systems – Uzbekistan is a secular dictatorship, while Iran is an Islamic theocracy – and partly due to the former's history of positive relations with the United States.

Uzbekistan is a member of the Shanghai Cooperation Organization, where Iran is an observer; this mutual membership serves as the basis for a great deal of the economic dealings between the two countries. During an April 2010 meeting with Uzbekistan's ambassador to Iran, Ilham Akramov, Iranian First Vice President Mohammad Reza Rahimi encouraged the expansion of Iran-Uzbekistan ties. According to the Uzbek government, the Iranian-Uzbek trade turnover exceeded \$700 million in 2008. Trade amounted to \$609 million in 2010, according to a senior Iranian diplomat, who noted that a proposed transportation corridor between the two countries could boost trade by 60 percent to about \$1 billion.¹⁴⁷ Trade reached \$125 million in the first quarter of 2011.¹⁴⁸

¹⁴⁷ <http://centralasianewswire.com/Uzbekistan/Proposed-Uzbek-Iranian-corridorcould-boost-trade-60-says-Iran/viewstory.aspx?id=3222>

¹⁴⁸ http://www.zawya.com//story.cfm/sidZAWYA20110515052442/Irans_Trade_With_Uzbekistan_at_125m

During May 2010, Iranian Defense Minister Ahmad Vahidi expressed Tehran's willingness to help mediate to ease tensions between Uzbekistan and Tajikistan.¹⁴⁹ Tajikistan and Uzbekistan have been in continuous conflict over the former's Roghun hydroelectric project, which Uzbekistan — a major exporter of cotton — claims diverts needed water from the country. For several months prior to the offer of mediation, Uzbekistan had been delaying the passage of Iranian cargo to Tajikistan that would have assisted in the construction of the Sangtuda-2 dam.¹⁵⁰

Tashkent fears that the project will reduce the water flow of the Vaksh River, on which the Uzbek agricultural sector is dependent.¹⁵¹ The offer was not accepted and Iran was forced to take alternate action the following month: in June 2010, the Iranian state railroad threatened to halt all Turkmen rail freight transiting the Islamic Republic en route to Uzbekistan, unless Tashkent allowed rail cars bound for Tajikistan to pass through its territory without delay.¹⁵²

Uzbekistan has largely held back from the public debate over Iranian nuclear enrichment, although in May 2006, Uzbek President Islam Karimov argued against military strikes targeting Iran's nuclear facilities and supported diplomatic methods to resolve the conflict.¹⁵³

Implications for US Policy

The United States now has important interests in Uzbekistan, given the crucial role it plays in the Northern Distribution Network, but relations have often been fraught with tensions. Iran has robust cultural ties with Uzbekistan, but has nothing approaching the strategic and diplomatic relations with it that Washington does. Uzbekistan can thus be classed as an uneasy ally of the United States.

Uzbekistan does have a place in US and Iranian competition because of its geographic position. As part of the Northern Distribution Network, Uzbekistan is a military transit and supply hub for American operations in Afghanistan. This is not to say, however, that US-Uzbek relations are smooth or can be decoupled from US payments and aid that are directly linked to US combat operations in Afghanistan. US policymakers hope that that payments made within the framework of the NDN will function as an engine for development and will bolster their relations with Uzbekistan. However, incidents such as the closure of the K2 base indicate that the Uzbek government is willing to take steps — even ones that potentially sacrifice those payments — to preserve its autonomy.

The NDN transit and service agreements do currently serve US interests. If the Obama administration wants to make sure base-related payments and contracts promote sustained economic growth and democratization, it should make sure that funds dispersed by the Pentagon for base rents, supplies and transport infrastructure actually end up in proper entities that pay

¹⁴⁹ "Iran Offers to Mediate Between Tajikistan, Uzbekistan," Radio Free Europe/Radio Liberty (May 13, 2010) http://www.rferl.org/content/Iran_Offers_To_Mediate_Between_Tajikistan_Uzbekistan/2041410.html

¹⁵⁰ "Iran Threatens Uzbekistan Over Tajik Rail Problems," Radio Free Europe/Radio Liberty (June 17, 2010) http://www.rferl.org/content/Iran_Threatens_Uzbekistan_Over_Tajik_Rail_Problems/2074185.html

¹⁵¹ <http://www.asianews.it/news-en/Iran-sends-equipment-by-air-to-complete-Sangtuda-2-dam-20447.html>

¹⁵² "Uzbekistan Holds Up Tajik Freight Wagons Despite Warning from Iran," Asia-Plus Online, June 22, 2010

¹⁵³ "Uzbek President Warns Of Dangers Of Possible 'Nuclear' Strike Against Iran," Eurasianet (May 10, 2006) <http://www.eurasianet.org/resource/uzbekistan/hypermail/200605/0004.shtml>

their taxes and thus benefit official state institutions rather than in informal patronage networks operating in the shadows of state structures. The administration should also continue to push Uzbekistan to improve its human rights record, even if it must do so gently due to the country's invaluable proximity to the war in Afghanistan.

More generally, however, the US must again assess its post-Afghan role in Central Asia. It is unclear that competition with Iran, or any other factor, will then require the US to play an active role or provide major payments and aid. Again, the best way to win the new great game may be to let others play it.