

TRANSIT POTENTIAL OF IRAN AND ITS IMPORTANCE FOR
CENTRAL ASIA

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Abstract

The transit potential of Iran's territory is very important for Central Asian countries. The confined space of Central Asia has no access to the world ocean, restricts its trade and export opportunities. Iran, being situated between three continents, has geo-strategic advantages in the Middle East and is called a "connecting bridge between East and West". Land and air routes which pass through Iran can make Central Asia closer to the West and the countries of the Persian Gulf by a short route. The transit potential of Iran can only be used in conjunction with regional partnership, be a prerequisite for a closer interregional cooperation.

Keywords: Central Asia; Iran's strategic interests; trade and energy relations; transit potential of Iran; the corridor "North-South" and "East - West"

1. Iran and its importance in Middle Asia and for post-soviet Central Asia

Iran is one of the key regional actors in the Middle East, which is increasingly active every year in Central Asia (CA). The one of Iran's strategic goals is to prevent the strengthening of the U.S. and Israel in Central Asia. Iranian leaders deliberately pursue the policy which is aimed at countering "Trans-Eurasian security system" (U.S. Silk Road Strategy). In the U.S. the strategy for the 1990's also included the whole region of Central Asia¹.

¹ The "Silk Road Strategy" of the U.S. - the "Trans-Eurasian security system" is an important part of the U.S. foreign policy in the last two decades. It was formed in the draft of the U.S. Congress in 1999 and called for the establishment of a network of energy and transport corridor linking Western Europe and Central Asia, and, finally, the Far East. Despite the fact that the project on the Silk Road Strategy 1999 (HR 3196) was passed by the House of Representatives, it never became a law. The Silk Road Strategy is aimed at the

Iran's geopolitical strategy aims to ensure that the IRI has become a leading regional power. In May 2009, Tehran hosted the meeting of the leaders of Iran, Pakistan and Afghanistan, where Mahmud Ahmadinejad, the President of Iran, reiterated his country's claims for regional leadership. The regional leadership is a stable doctrinal basis for Iran's international policy, which has been the basement for Iran's foreign policy since the period of Shah Reza Pahlavi.

Nowadays this strategy is reinforced by the directives about pragmatism in economics, the necessity of entering the world economics and the "soft" entry into Central Asia by restoring the common cultural and historical heritage (these are the ideas of the former Iranian presidents A.A. Hashemi-Rafsanjani and S.M. Khatami). The former Iranian leader Khatami wanted to warn about the threat from the United States: "the U.S. presence in Central Asia infringes the sovereign rights and humiliates these countries" (CA-NEWS, April 25, 2002).

These ambitions are based on the grounds that Iran is the largest oil power. Iran ranges the second after Saudi Arabia in terms of the bulk of oil production among OPEC countries. The main buyers of Iranian oil are Japan, South Korea, China, Italy, Germany and India. Along with it there are Iran's nuclear capability and nuclear program, which both cause a negative reaction in the world.

IRI pretends to be a leader in the Islamic world, competing with Turkey and the Persian Gulf countries. Iran also shows political loyalty to Russia and China (great neighbors in CA); there are no obvious contradictions and conflicts of interest in politics, and relations with these countries are based on strategic partnership. In 2007, in Tehran, Iran held the second summit of Caspian states with participation of Kazakhstan, Russia, Azerbaijan and Turkmenistan. Since then, Iran has declared as strategic priority, particularly, the cultural and civilizational commonality of a large region in the relations with Central Asian states. Official participation of the President of Kazakhstan has confirmed strategic interest to deepen its relations with Iran (Kazakhstan Today, 15 October 2007).

target of integration of the former Soviet republics of Transcaucasia and Central Asia in the U.S. sphere of influence. Refer to: (Chossudovsky, 2008)

Thus, Iran's political argument in its relations with Central Asian states is a common cultural-civilizational space with historical heritage, Islamic culture, traditions, and language affinity with Tajiks. Along with this, in recent years, Iran is expanding its naval presence in the Caspian region. In general, Iran's policy in Central Asia is characterized by courtesy and deliberateness in order to provide support for Iran in the international community. Kazakhstan and Central Asian countries are located between the strategically important partners – Russia and China, and therefore are in the *area of "loyalty"* from the side of Iran, I would like to say (Gubaidullina 2013). At the same time, for each of the former Soviet republics of Central Asia the originality of building relations with Iran is typical.

2. Central Asia – Iran: factors of rapprochement and interests of the parties

The importance of the Islamic Republic of Iran (IRI) for post-soviet republics of Central Asia is determined by a number of reasons. First of all, these interests are due to geopolitical, cultural-civilizational and also national interests.

The *geographical proximity* of the Islamic Republic of Iran towards to the states of Central Asia means common borders and a complex of interconnections and dependencies. The common border as a factor of bilateral relations stimulates contacts and rapprochement between countries. The border on the Caspian Sea connects Iran with Turkmenistan and Kazakhstan. Turkmenistan also borders upon Iran overland. Through these two countries the whole region of Central Asia became closer to Iran. But it's necessary to consider that the border also separates states and sometimes estranges them from each other.

The resource potential of Central Asia and its location in the centre of Eurasia as well as proximity to areas, which are a source of threats today, underlie the strategic and geopolitical interests of the world powers. First of all, it is about the so-called «resource strategy» of the world powers and transnational companies in Central Asia.

Tehran tries to strengthen its positions in the traditional zone of Iranian influence and interests - on the Caspian Sea, in Turkmenistan,

Tajikistan, and Afghanistan. The transit potential of Iran's territory is very important for Central Asian countries. The geo-strategic location of Iran and its transit potential are beneficial to the interests of Central Asian countries. The confined space of Central Asia, which has no access to the world ocean, restricts its trade and export opportunities. At the same time Iran, being situated between three continents, has geo-strategic advantages in the Middle East. Therefore Iran is called a "connecting bridge between East and West". Even more often occurs the discourse "Iran can become a bridge between East and West" (CA-NEWS, May 25, 2011), which proves the intention of Kazakhstan to build relationships between the Middle East and West.

The shipping routes (sea lanes), land and air routes which pass through Iran can make Central Asia closer to the West and the countries of the Persian Gulf by a short route. Thereby, Central Asia would be close to the world trade routes. Herewith, the transit potential of Iran can only be used in conjunction with regional partners, i.e. be a prerequisite for a closer interregional cooperation.

Iran is very important to Central Asian states by the virtue of its *economic and political influence* in the Middle East and in the Islamic world; the second economy, industrial capacity, resources, and first of all the world's largest oil reserves, industry, high technologies, developed infrastructure, etc. allowed Iran to make a great breakthrough in its development. It is also attractive for the developing economics of Central Asia (Jani 2009).

The relations between Iran and the post-Soviet republics of Central Asia are based primarily on a *bilateral basis*. Iran was one of the first states to recognize the sovereignty of the former Soviet republics of Central Asia in 1991. Diplomatic relations were almost immediately established as well as a political dialogue.

The embassies of the IRI have been functioning in all five capital cities of Central Asia since 1992. In 1993 the embassies of Central Asian countries were opened in Tehran (RIA News, June 26, 2006). We should note that Iran builds special relations with each of Central Asian states, considering special interests, location and states' special features. The new style of behavior, which in its own way was special and sometimes contradictory, was formed in the relations between the IRI and Central

Asian republics. In the behavior of actors the dialectic of mutual attraction and repulsion became apparent.

Thus, *strategic interests* underlie *Iran's relations with Turkmenistan and Tajikistan*. They are determined by the main agreements. We should note that Tajikistan is the only country in the CIS which has military ties with Iran. In July 2006, following the meeting of the presidents of Afghanistan, Iran and Tajikistan in Dushanbe, it was decided to set up a trilateral commission for cooperation with the coordinating center in Kabul. At signing the documents the Iranian President Mahmoud Ahmadinejad said that "we all should be united - economics, culture and arts; it is necessary to remove all the barriers which divide us," and at the same time he stressed that "the security of Tajikistan and Afghanistan depends on Iran, and Iran's security depends on the security in these countries". President Emomali Rakhmonov in response confirmed that "in future the Commission will pay special attention to regional security and military-technical cooperation (RIA News, June 26, 2006).

It should be mentioned that the relationships between *Iran and Uzbekistan* have no linear development, so they may be defined as a "curve" or "undulatory" ("wave"). Certain changes have taken place in the evolution of relationships between Tehran and Tashkent for over two decades: the negative reaction of Uzbekistan on the increasing role of Islam and the growth of Tajik separatism in Bukhara and Samarkand, which were linked to Iran's presence in the region, were replaced by a more businesslike and friendly attitude. In turn, Iran criticizes Uzbek and Kyrgyz authorities for their pro-American policies.

Further, "the *Kazakhstan-Iranian cooperation* has a high potential, the use of which could play an important role in the development of the whole region and in strengthening its security". This was discussed at the meeting between President Nursultan Nazarbayev and the Chairman of the Majlis (Parliament) of the Islamic Assembly of Iran Ali Ardashir Larijani (CA-NEWS (KZ), May 21, 2011). The diplomatic relations between the Republic of Kazakhstan and the Islamic Republic of Iran were established on January, 29th, 1992. The trade-economic sphere and humanitarian links also began to develop (Tokaev 2000). In the multi-vector "scenario" of Kazakhstan's foreign policy the IRI is not defined as a priority or strategic importance partner. In spite of this, Kazakhstan consistently stresses the

"importance" of bilateral relations with the Islamic Republic of Iran as a country having significant importance and weight in the Middle East. At the highest political level, as the result of mutual visits of leaders of states and regular meetings on the highest level, the legal basis of relations was formed.

Officially Tehran supports the initiatives of the leaders of Central Asian countries, for example, Nazarbayev's idea of Eurasian integration, of the Stability Pact on the Caspian Sea and the plan of recovering after the global financial crisis. It is worth noting the «peak» of relationships with Iran, which was connected with the visit of the President of Iran Mohammad Hatami to Kazakhstan in Spring 2002 and was followed by collateral oil and gas projects, including joint co-production, processing and transportation, etc. The result of the visit to Astana and the talks was the agreement that "Kazakhstan is ready to export oil through Iran" (*Gazeta.kz*, April 25, 2002).

The same tone is present in the inter-parliamentary exchange (meetings of the speakers of the two houses of Parliament of Kazakhstan K. Tokayev and U. Mukhamedzhanov with Larijani), etc. Thus, the basis of cooperation between Iran and Central Asian countries is represented by both the elements of geopolitics and pragmatic interests.

In general, Iran and Central Asian states have never had serious conflicts, confrontations or open contradictions for the last 20 years of coexistence. The relationships with Iran are estimated by Central Asia as friendly, conflict-free and productive.

3. Contradictions and problems related to the development of mutual relations

The problems are as follows:

The Iranian position on the issues of the world politics has always been a subject for criticism and condemnation of the world powers. The situation for Iran is such that many international processes cause its irreconcilable reaction, which often disrupts the balance of inter-regional relations and creates a prolonged and destabilizing international situation.

The most serious problem among all is the Afghan problem. Both international forces and all the republics of Central Asia are involved in this issue. In turn, Iran itself is now considered as a «problem» of the world policy, where the geopolitical interests of the world powers clash with each other. This is certainly reflected (a ricochet hurt) on the positions of the republics of Central Asia, which cannot do their best in developing their own bilateral relations.

At the same time, Iran pursues a rather balanced policy in Central Asia, predominantly within «secular» interests, with no apparent effort at religious emphasis. The interdenominational contacts between the countries of Central Asia and Iran follow trade and economic interests. The balance of interests and policies, established between Central Asia and Iran, it is what may be called a patient "positional play."

The lack of clear strategy for cooperation of Central Asian countries with Iran and the lack of definition of objectives means are clearly an obstacle in the way towards the openness of the country. At the same time, weak direct contacts between Central Asia and Iran (political, economic, commercial, cultural and humanities, etc.) may also be considered as factors which determine its status of closed state. This leads to the imperfection of legal regulation in the field and in many other areas of cooperation.

Impossibility of abolishing the visa regime between the IRI and CA. The simplified visa procedure for Iranian citizens was introduced in Kazakhstan and Tajikistan, but it is not open in Turkmenistan and Uzbekistan.

As a consequence, weak transport infrastructure and the lack of regular transport and logistical connections between Iran and Central Asian countries also raise a number of problems.

The difference between the economic and political model of Iran's development and the models of the developing states of Central Asia are obvious. Contradictions arise at forming trade and economic relations on the "an equal basis".

The difference between the ideological approaches and the role of the confessional factor in the relationships between the IRI and Central Asian countries (the Sunni-Shiite opposition to Iran's unifying idea for three Persian-speaking countries - Iran, Afghanistan and Tajikistan) is a

challenge for Uzbekistan. This is one of the reasons of Uzbekistan's counteraction and criticism of Iran and Tajikistan.

The energy factor in the bilateral relations between Iran, Kazakhstan and Turkmenistan causes in its turn other problems. The main one is the conflict of interests in producing and transporting oil. It is necessary to set up a legal regime in pricing policies, especially for gas supplies from Turkmenistan to Iran.

Other important issues are represented by:

- the water resources and energy projects implemented in Tajikistan, Sangtudinskaya Hydropower Station-2 and Uzbekistan's counteraction in their construction;
- Iran remonstrance to Tajikistan's "rail blockade" ;
- the difficulties in export and import operations, connected with excessive bureaucracy;
- the lack of established Iranian banking on Central Asian states' territories, except for Kazakhstan, and the problems with the service of trade operations;
- *The Caspian factor* in the relations between Iran and the Caspian States: there are issues involving the legal regime on the Caspian Sea, the protection of biological resources (Caspian Sea. State of the Environment, 2011), the economic security (The Protocol of the consultative meeting on discussing the Sub-Regional Strategy, 2006). It is important to remind that the isolation of the Caspian Basin together with its climatic and salinity gradients have created a unique ecological system with some 400 species endemic to the Caspian waters. Today, many Caspian species are threatened by over-exploitation, habitat destruction, pollution and climate change. It reflects negatively on human well-being, social and economic sectors, and environmental services.

The Caspian Sea, surrounded by the five coastal countries, namely the Republic of Azerbaijan, the Islamic Republic of Iran, the Republic of Kazakhstan, the Russian Federation and Turkmenistan, is the largest land-locked water body on Earth. The Caspian Sea, abundant with natural living and fossil resources, its coastal areas home to more than 15 million people, faces a series of environmental challenges. The Caspian Framework Convention for the Protection of the Marine Environment of the Caspian

Sea in Tehran Convention (Regional Seas Conventions and Action Plans, 2010), which came into force in 2006, provides a mechanism for regional co-operation on issues related to climate change in general terms, but littoral states must make commitments, effectively addressing and collectively dealing with the challenges of the region. (Questionnaire IRI, 2010).

The Tehran Convention serves as an overarching framework laying down the general requirements and the institutional mechanism for the protection of the marine environment of the Caspian Sea (Questionnaire IRI; KZ; RF; TM, 2010).

Tehran is trying to strengthen its own positions in areas of traditional Iranian influence and regional interests – on the Caspian Sea, in Turkmenistan, Tajikistan and Afghanistan.

Caspian Sea plays one of the determining roles between all the Caspian littoral states. Moreover, the CA countries do not always defend their position. Today, the issues of the legal regime in the Caspian Sea have remained outside the context of the agenda of the region. Unsustainable position of the Central Asian countries complicates the adoption of a comprehensive approach that defines this state on the basis of the existing international law.

The development of naval forces of Kazakhstan, Turkmenistan and Azerbaijan is also a source of conflict. The support of this policy from the U.S. leads to a keen criticism from Iran, especially in 2011. Even earlier, in 2004, the Iranian government remonstrated to the creation of main military naval base and naval force of Kazakhstan on the Caspian Sea – Gulf of Kuryk near Aktau. Each of Central Asian countries takes into consideration the above-mentioned circumstances in its foreign policy.

4. Central Asia and Iran: dialogue platforms on regional issues

Iran builds relationships with Central Asia in *multilateral format*, supporting projects of Central Asian cooperation and integration. Iran seeks to reduce anti-Iranian sentiments, expanding cooperation with Central Asia, providing economic assistance and skillfully using anti-Western sentiments.

At the beginning of the campaign against terrorism in Afghanistan in 2001-2002, Central Asian republics pursued a policy generally not in the

interests of Iran: the territories of Uzbekistan and Kyrgyzstan were granted to the U.S. military forces, and the "skies" of Kazakhstan and Tajikistan were open to military aircrafts. Meanwhile, the Iranian President called for «dialogue of the civilizations», opening the way for secure world, which did not contradict the predominant pro-American sentiments in the region (the lecture of M. Hatami at Kazakh National University named after al-Farabi on April 2002. While I was listening to his lecture, I believed that Hatami showed himself as a rare example of deliberate and intelligent approach in foreign policy and in Iran's position in Central Asia. On this visit, the newspaper wrote: "Khatami's visit to Central Asia. Iran is trying to break the loop Anaconda" (CA NEWS, April 25, 2002)

Iran's key positions in ECO, OIC and OPEC are a serious argument for cooperation with Iran. Moreover, such organizations as the OEEC, the OIC and the CICA are the dialogue platform for approximating positions.

Iran promotes Kazakhstan in the Organization of the Islamic Conference (OIC) and supports the projects of Central Asian states and their implementation. In turn, IRI is a member of all congresses of the leaders of world and traditional religions in Astana. However, the confessional affinity (Islam) did not become the main issue in resolving the matters of bilateral cooperation, including the OIC. This fact is always emphasized on official level. In particular, talking to the President of Kazakhstan, the head of Iran's Majlis delegation Ali Ardashir Larijani assured Nursultan Nazarbayev that "Iran fully supports the foreign policy of Nazarbayev", "it lays its hopes for the chairmanship in the Organization of the Islamic Conference, "Kazakhstan may become a connecting bridge between East and West".

Iran became a member of Kazakhstan's political project for Asia the Conference on Interaction and Confidence Building Measures in Asia (CICA) as the Asian OSCE. Estimating the role of the CICA, the representative of the Ministry of Foreign Affairs of Iran in 2002 said the following: "with cooperation and concerted efforts of the Member States the CICA is increasingly strengthened so as to achieve its noble objectives" and "the Islamic Republic of Iran has always tried to play a constructive role in the international scene. It was on this basis that Iran raised the idea of dialogue among civilizations in the United Nations in order to promote understanding, tolerance and respect for diversity of cultures, and as an

enabling paradigm to face current global challenges and threats to international peace and security". This declaration is included in the Statement by Deputy Minister of Foreign Affairs of the Islamic Republic of Iran, Mohsen Amin Zadeh, in Almaty June 4, 2002 (CICA, 2003).

IRI - party Kazakh project CICA. On the contrary, for Iran Kazakhstan is of a "strategic importance for wide regional cooperation", it is a "brotherly and friendly country", "serious regional partner", - according to the former President of the IRI M. Ahmadinejad. A good pace was set during the two countries' stepwise approaching, whereas the solid package of about a hundred interstate agreements reinforce the relationships. The cooperation of RK with the IRI became organized; the so-called Road Map for 2011 or 'Actions Plan of Kazakhstan and Iran until 2015' was developed. On this issue 'Kazakh Ambassador to the IRI E. Utembayev held a press conference at the Embassy of Kazakhstan in Iran' (*AsiaNews*, 13 February 2008), and later 'Kazakh Ambassador B. Amreev presented his credentials to President of Iran Mahmoud Ahmadinejad' and so on (*MFA*, 15 March 2011).

Outer forces, circumstances and the international situation in the region in general had a significant influence on the political positions of the leaders of the republics of Central Asia relating to Iran, on their ties with Iran and among themselves.

Iran and international security and stability: there could be noticed an apparent difference of the positions of Central Asian states on Iran's nuclear program and human rights in Iran etc. in this issue. The Iranian nuclear program and long confrontation between Iran and the United States are assigned to this number of problems. The sanctions imposed on Iran restricted contacts and access of developing countries of Central Asia to Iranian technologies. The listed problems are aimed at the exclusion of Iran's international involvement in the world policy.

The nuclear program of Iran: Kazakhstan's position. During the most critical periods in the relations between Iran and the West relating to Iran's nuclear program and increasing sanctions against it, the position of Kazakhstan can be characterized as isolated from the matter (Iran's nuclear dossier, 2012; *News Politics*, January 8, 2012; and *Heavy Waters*, 2012). I would call it "passive involvement" in international range of problems. Today, Iran expresses its trust in Kazakhstan's position on the Iranian

nuclear issue. This is evidenced by two rounds of international negotiations with all stakeholders in the spring of 2013 in Almaty.

After the meeting in Almaty on this issue, progress has been made. Iran has been implementing five nuclear transparency measures. Iran's President Hassan Rouhani called on International Atomic Energy Agency to play a more effective role in resolving the issue of Tehran's nuclear program. The UN nuclear chief Yukiya Amano said he expected progress to be made soon in the long-running investigation into Iran's nuclear activities. IAEA chief thanked Iran for its readiness for more transparency in its nuclear program, and 'IAEA chief expects progress soon in Iran nuclear inquiry' (*Iran Daily*, Aug. 19th, 2014). Amano said the trend of progress in Iran's nuclear case was positive during the past year, hoping the issue will be settled in the near future. Amano has received a firm commitment from Iran to resolve the dispute over its nuclear program with the US and other world powers. Hassan Rouhani noted that Iran is 'serious' in its talks with the IAEA and the P5+1 group of world powers to resolve misunderstandings over the Islamic Republic's civilian nuclear program.

Iran also seeks to cooperate with the countries of Central Asia in the *Shanghai Cooperation Organization* and affirms the necessity of its membership in the SCO. In the future, the SCO could well be a good dialogue platform for the negotiation of complex relationships that characterize the relationship between the West and the East.

In general, Iran is committed to minimizing the anti-Iranian orientation in international politics, in its wish to expand cooperation with Central Asia, providing economic assistance, and is skillfully using the anti-Western sentiments.

5. Trade, economic and investment cooperation with Iran

Expansion of trade volumes with Iran has become a tendency in recent years, which characterizes the foreign economic relations of all Central Asian states. In 2010, Kazakhstan and Turkmenistan reached the highest rates: 3 billion US dollars in each country (*Turkmenistan News*, 2011).

Kazakhstan - Iran

Despite the fact that Iran takes only the sixth (6th) place in the list of foreign economic partners of Kazakhstan, the growth rates in foreign trade with Iran are quite high.

Trade turnover between the two countries increased fivefold in the last six years, from 400 million US dollars to more than 2 billion US dollars in 2009. Only in the year 2010 the bilateral trade volumes grew by 1 billion US dollars (Kazakhstan–Iran Relation, 2011). Kazakhstan is particularly interested in Iranian investments in mechanical engineering, infrastructure, transport, and telecommunications. Iran imports grain, oil products and metals from Kazakhstan. Kazakh export to Iran represented the most important items: grain of durum wheat, petroleum, steel, and others. Export of Kazakhstan has many different options and a "contingency" approach to transportation to foreign markets. Also this export demands infrastructure.

Aktau sea port facilities in the Caspian Sea were significantly enhanced in cooperation with Iran. A New Sea port and oil storage are under construction in Mangistau at the present moment. To ensure access to the site, new road section – Yeraliyev-Kuryk – has been developed. Rent of Iranian terminals used for storage of grain and oil as well as for supply operations to other countries does not suffice to meet the needs of Kazakhstan. Iran builds up capacities of its own seaports (Anzali). Also, Iran is investing in construction of terminals Kazakhstan will operate in the ports of Iran - Amirabad, Imam Khomeini. For effective exchange of crude oil and its transportation over the Caspian Sea, six large-capacity tankers were built in Iran following the order from Kazakhstan, each tanker weighs 63 thousand tons.

Representatives of sea ports authorities have their offices in Aktau and in Anzali, and since 2009, the Consulate General of Iran has been opened in Aktau. All these aspects facilitate development of cross-border cooperation between Iran and Mangistau region. «*Partnership between seaports in Caspian*» program 'Noushahar – Aktau and Anzali – Aktau' fostered unification of transit between Kazakhstan and Iran. Customs procedures were simplified. Carriage by sea is carried out under the unified bill of lading.

Iran is partner with Kazakhstan for joint oil and gas projects, including construction of a pipeline connecting Kazakhstan, Turkmenistan and Iran, Persian Gulf (Turkmen gas), which will become an artery to big Asian markets for Astana (Kazakhstan).

Turkmenistan – Iran

Iran is the foremost state, takes the first place among the main partners of Turkmenistan in oil and gas sector, in electricity as well as in transport and communications. According to Ahmadinejad, "Iran has all possibilities and preconditions for increasing this figure up to 10 billion US dollar per annum in the next five years". Current Turkmenistan gas supply volumes to Iran amount up to 9 billion cubic meters per year. EDB experts believe that "Despite high economic growth, Turkmenistan is largely dependent on gas exports" (CA-NEWS, Dez. 27, 2011).

Optimistic prospects are linked to program of a wide diversification of gas routes of Turkmenistan. There are three new gas pipelines. One of these gas pipelines has already been built «Dovletabad – Salyp Yap». It is an addition to the acting gas pipeline which is called «Korpedzhe – Kurtkui» on the line Turkmenistan – Iran (200 km).

Iran and Turkmenistan stopped contradicting each other in the gas sector. Today these two states are trying not to return to this issue.

Tajikistan – Iran

From the very beginning, ethnic and cultural kinship of Tajik and Iranian people ensured higher level of Iran-Tajikistan relations, compared to other states within the region. This specific feature of Tajik-Iranian relations became one of the main factors facilitating direct participation of Iranian diplomatic circles in a peaceful withdrawal from the civil war of 1992-1997.

Iran still keeps its high interests in Tajikistan, mostly due to intentions to expand its political and ideological influence sphere (Jani, 2009). Iran is among of three main economic partners and major investors in Tajikistan with turnover to 201.7 million US dollars. The indicator is high for Tajikistan, in comparison with the Kazakhstan where the trade turnover only between Iran and Mangistau is 360 million US dollars.

In the case of Tajikistan, Iran is optimistic. Construction of highways and cooperation in the energy sector of Iran and Tajikistan are in joint energy projects. It is expected that after the commissioning of Tajik power plants and highways, Iran is the main buyer of Tajik electricity. Currently, with the participation of Iranian companies were implemented major energy projects: Sangtuda-2 on the river Vakhsh (completion in 2010), then Feasibility Study (FS) Ayni on the river Zarafshan and Shurabskaya HPP on the river Vakhsh. It is not excluded the participation of Iran in two Nurabad HPPs on the river Hingou. Iran's direct investment for their construction was 65.5 million US dollars (2010) surpassing Russia.

Uzbekistan – Iran

Iran is in the top ten largest major trade partners of Uzbekistan. Iran importing from Uzbekistan: cotton with textiles (more than 1 million tons); liquefied natural gas (LNG, Shurtan Gas Chemical Complex), mineral fertilizers, ferrous and non-ferrous metals and other trade. The commodity turnover with Iran is 609 million dollars.

Maybe in the future Trans-Afghan transport highway will increase the intensity of trade relations between Uzbekistan and Iran.

Kyrgyzstan – Iran

In cooperation with Kyrgyzstan, Iran's place is not essential, it is still a small place, according to the low rate of commodity turnover – 43 million US dollars. The reasons are as follows: economic instability; conflicting political priorities. Therefore, Iran is not interested in investment projects in this country.

Long-term potential

Central Asian countries should take into account the following factors towards Iran. What has raised investor expectations about doing business in Iran is a diplomatic breakthrough that could clear the way for Western sanctions to be lifted and open the doors for lucrative trade deals. Most investors have chosen Iran because they were interested in doing market research and lobbying with their Iranian counterparts (Bloomberg, 2014). Groups from Canada, Europe and the US have visited Iran. Companies that were once active in Iran, such as French oil giant Total SA

and Luxembourg-based Arcelor Mittal, the world's largest steelmaker have publicly expressed interest in returning. A group representing more than 100 French companies—including engineering group Alstom SA, telecommunications company Orange SA and carmaker Renault SA—visited Tehran, the largest foreign-trade mission the country had ever hosted.

Iran's reserves, the fourth largest in the world, will become important to world markets.

Iran has 76 million people. As recently as 2011, it produced twice as many cars, according to the Paris-based International Organization of Motor Vehicle Manufacturers. It consumes more steel annually than either the UK or France, according to the World Steel Association. And the Tehran Stock Exchange, or TSE, has a market capitalization of about \$135 billion, three times the value of the main stock market in Vietnam, with a population of 89 million. Iran has represented an opportunity that's "just huge". Tehran-based investment firm with \$200 million under management has become the first port of call for investors. "This is one of the most attractive markets in the world in terms of its long-term potential," Rabii says to Bloomberg (2014).

6. Prospects: Projects on transport and communication (the corridor "North-South" and "East - West")

Big potential relations of Central Asia and Iran laid in the realization of large interstate projects, which will provide transportation of export goods.

Transit territory of Iran is «the cheapest, the most reliable and direct route» to the Persian Gulf, - said M. Khatami; and world markets for Central Asian countries. Big role is assigned to major joint projects, providing transportation of export cargo (CAREC, 2011).

Kazakhstan, Uzbekistan and Turkmenistan already connect with Tehran and the railway Mashhad- Sarakhs-Tejan with the Iranian component. Iran completes a new highway Mashhad-Sarakhs. As part of the transport corridor "North-South" Iran is building "integration links" with the Central Asian countries. The Center for International Transit is

developed in the special economic zone (SEZ) «Serakhs» (near the Turkmen-Iranian border).

In 2011 began the compound broad-gauge railway to connect Central Asia with the Iranian component by railway system with (usual) normal track. According to the intergovernmental agreement between Kazakhstan, Iran and Turkmenistan (2007) in 2011 was put into operation the line “Uzen (Kazakhstan) - Kyzylkaya - Bereket - Etrek (Turkmenistan) - Gorgan (Iran)”.

Priority in cooperation with Iran received an interstate construction joint project of the transport corridor "North-South": this is a railway system from Kazakhstan - Turkmenistan - Iran directly to the major port of Bandar Abbas on the Persian Gulf and port Karachi in the Indian Ocean (Chossudovsky, 2008).

Regional and border centers were developed through the transport corridor "North-South", for example, at the boundary between the Iranian province Golestan and Akhal province of Turkmenistan. The joint project relates Central Asia directly to the Persian Gulf.

The perspective project of Trans-Afghan transit corridor - railways and roads through the Termez-Mazar Sharif-Herat - Mashhad, which leads to the Iranian port of Bandar Abbas (Persian Gulf) and Chahbehar (Indian Ocean), is considered promising. Kazakhstan, Uzbekistan, Turkmenistan and Tehran are already connected by the railroad Meshhed-Serakhs-Tedzhen. Iran is finishing the new highway Meshhed-Serakhs.

The component parts of the corridor «North-South» are ports of Iran, Amirabad and Anzali. These ports serve the needs of Central Asia. For Kazakhstan the transport corridor «North-South» is important because it affords to link the whole national transport network with international corridors. The project, linking China, Tajikistan, Afghanistan and Iran, among other things, has the prospect of Iran-Uzbek rapprochement.

The implementation of the transport corridor «East-West» has advantages and disadvantages. «It will be an economic revolution in the countries of the region. Central Asia and China will have an access to the Persian Gulf» (*M. Keshavarzade, the Ambassador of Iran*). There will also be threats to the security, like, for instance, the proximity of unstable regions such as Afghanistan, the Middle East, or the unfinished political chain security. The known project TAPI is a competitive line in the field of

transport and communication projects with the countries of Central Asia, the Middle East and South Asia.

The prospect of expanding ties – a program of broad diversification of gas routes Turkmenistan ("Dovletabat - Salyr Yap" in addition to the existing pipeline "Korpeje-Kurtkui" on the line Turkmenistan - Iran). Having decided the recent controversy in the gas sector, Iran, as well as Turkmenistan, do not wish to repeat it.

"Multivariate" ways of transporting Kazakh exports to foreign markets (oil, hard wheat, etc.) must be provided with infrastructure. The question is about the co-investment in its development. Results were achieved in Kazakhstan: jointly expanded seaport Aktau; in Mangistau were built a new port and oil storage facilities, which lead to a new way of "Eralievo - Kuryk." In Iran was enlarged the capacity of the port of Anzali for Kazakh products. There is a good chance to continue the construction of Kazakhstan terminals in the ports of Amirabad, Imam Khomeini.

A new form of cooperation between Kazakhstan and Iran is envisaged: "the partnership between the ports of the Caspian Sea" (Noushahar - Aktau), (Anzali - Aktau) and cross-border cooperation between Iran and the Mangistau region.

Conclusion

Constructive relationships have already been developed and the area of mutual trade and economic partnership, which will be strengthened by the new railway, is developing rapidly.

There are a number of open issues and difficulties left in the relations between Iran and Central Asian states, whose solution is possible in both near-term and long-term perspectives. There are also certain regional issues, which also require solution and affect the interests of the Iranian side; there are only a few issues among them whose removal will lead to stability, deepening of relations and mutual understanding.

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