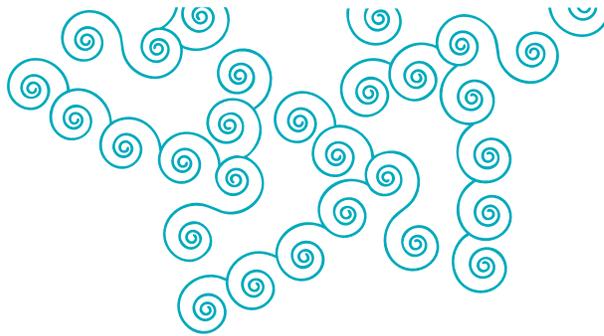


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## Iranian-Uzbek relations in the geopolitical context of Central Asia

*Guli Yuldasheva*

*Member of the Expert Council, Analytical Project "Central Eurasia"*

### Key Points

- In the case of a substantial improvement in Iranian-American relations, Tashkent and Tehran could significantly consolidate their relations by engaging in new large-scale energy projects.
- Iran needs to ensure stability, mutually beneficial cooperation, and peace in Central Asia, a region it has both culturally and historically influenced, and that anti-Iranian sentiment does not emerge on its borders.
- Uzbekistan's involvement in energy projects that transit Iran to the Persian Gulf would serve to bolster the economic and political security of the region by helping to stabilize Afghanistan through utilizing its transit opportunities.
- Currently there are over 120 joint Iranian-Uzbek companies in Uzbekistan, 20 of which are established with one hundred percent Iranian capital. The priority areas of cooperation include transport communications, energy, textiles, and agriculture.
- Beyond the economic sphere, Iran and Uzbekistan continue to actively cooperate in the field of security: namely, combating drug trafficking and organized crime.

Over the past two decades, Iranian-Uzbek relations have come to the attention of the international community as a key factor determining trends in the development of modern Central Asia. In fact, with expectations of a possible change in Iran-U.S. relations, the dynamics of relations between Uzbekistan and the Islamic Republic of Iran may play an indirect role in this process. It is also obvious that the state of relations between Uzbekistan and Iran is largely dependent on the barriers and obstacles imposed by the current geopolitical environment in the Central Asian region.

In this regard, the geostrategic position of Uzbekistan being located at the core of Central Asia and the demographic factor (largest population of the region and Tajik diaspora) make the country the most important actor in terms of the implementation of long-term plans<sup>2</sup> for Tehran's gradual engagement with the region. From this perspective it is also important that both countries play an effective role by using "their significant civilizational legacies on both sides of the Amu Darya."<sup>3</sup>

## **Beyond the economic sphere, Iran and Uzbekistan continue to actively cooperate in the field of security: namely, combating drug trafficking and organized crime**

### **Common interests**

The Islamic Republic of Iran (hereafter Iran) views the role and importance of Uzbekistan in its foreign policy within a set of strategic considerations, revised after the collapse of the Soviet Union and formulated in the 1990s.

Thus, Iran's contemporary foreign policy in essence seeks to build a multipolar world order under the auspices of the United Nation, whereby Iran and other Islamic countries occupy one of the "power poles." Particular importance is attached to Central Asia, which Tehran in fact sees as an extension of a vital area for its economic interests as well as of the Persian Gulf region as a whole.<sup>1</sup> Active cooperation with Central Asian countries thus serves to strengthen Iran's regional status, prestige, and role in the Muslim world, as well as constitutes a significant counterweight to the U.S., eases the region's international isolation, and attempts to reintegrate it on the basis of a shared Middle East-Central Asian historical past. However, Iran needs to also ensure that there is stability, mutually beneficial cooperation, and peace in Central Asia, a region it has both culturally and historically influenced, and that anti-Iranian sentiment does not emerge on its borders.

In general, Iran has the following fundamental interests in the Central Asian region, which find also understanding and support in Uzbekistan:

1. Ensuring security and stability in Central Asia, which is inextricably linked with the situation in Afghanistan due to the geographical, historical, cultural, and ethnic proximity of Afghanistan to Iran and Central Asian countries. Tehran seeks to secure Afghanistan's unity, peace and stability, as well as supports the establishment of the Afghan coalition government with an equal participation of all ethnic groups, religions, and movements (and providing certain freedoms to the Shiite community), which also lies in the interest of Tashkent. Moreover, along with increasing religious extremism and the significant growth of drug production and drug trafficking, the problem of regional security in Central Asia is becoming particularly acute for Tashkent as Uzbekistan borders Afghanistan.
2. Strengthening the region's status through geo-economic projects. Iran is interested in engaging Central Asian countries within the framework of regional and international economic structures with its participation. This is consistent with the interests of the Central Asian countries, as it provides them with potential access to world markets.

3. Ensuring that Iran will play the role of a “gatekeeper” in Central Asia and as a transit route for oil and gas pipelines and transport networks. For its part, Uzbekistan may also play an important role in transit, transport, and communication networks as well as the electric power system of Central Asia. Uzbekistan is the third largest producer of natural gas in the CIS and is among the top ten countries in the world in terms of gas production.<sup>4</sup> Therefore, it is of great importance that Uzbekistan is involved in

Afghanistan). Bilateral relations have also to a certain extent been handicapped by the anti-Iranian policy pursued by the U.S.

Thus, because of the potential threat of the spillover of religious fundamentalism from Iran in the early 1990s, Tashkent supported the hostile U.S. policy regarding Iran. Tehran was accused of providing asylum to Uzbek militant extremists from the “Islamic Movement of Uzbekistan” (IMU), and it was suspected that Iran’s security services had trained IMU fighters, supplying

## **Tehran is attempting to accelerate construction of the planned transport corridor Uzbekistan-Turkmenistan-Iran-Oman-Qatar and a pipeline from Iran to Pakistan**

Central Asian energy projects that transit Iran to the Persian Gulf. This would serve to bolster the economic and political security of the region by helping to stabilize the situation in Afghanistan through utilizing its transit opportunities, ones which Tashkent and Tehran are vitally interested in.

### **Barriers to cooperation**

A number of objective and subjective factors have served as barriers to the effective development of bilateral relations between Iran and Central Asian countries, including the socio-economic consequences of the collapse of the USSR and differences between the political system of the Islamic regime in Iran and the secular states of Central Asia. Further factors include the inability of the Iranian economy to supply high-end technologies to and make sizable investments in Central Asian countries, and ethnic and religious differences between Sunnis and Shiites, Persians and Turks; this in spite of some commonalities too. Furthermore, there are a number of potential and real threats, which include the potential threat of religious extremism emanating from Iran, and Tehran’s alleged use of the Persian language in promoting the vision of a Persian “alliance” consisting of Iran, Tajikistan, and

them with documents, weapons, and explosives. However, upon President Muhammad Khatami’s coming to power, Tashkent’s perception of Iran gradually changed, with Tehran adopting more cautious and flexible tactics vis-à-vis Central Asia, while Iran’s links with terrorist acts conducted in Uzbekistan remained largely unproven.

Moreover, while it is possible that in the past Tehran may have hoped to cement and extend its presence in Central Asia by strengthening links with Tajikistan, and so supporting political forces with a pro-Iranian orientation, this has largely been hindered by the fact that significant ideological and cultural differences have become apparent between Iran and Tajikistan.

In this context, Dr. M. Mesbahi<sup>5</sup> is a scholar who has highlighted a number of differences between the traditions of the Iranian Shia and Central Asia Sunni, as well as between the ideology of the Islamic Revolution of Iran and the Tajik experience of civil war.

Not only this but the Tajik population has greater ties with the rest of Central Asia due to a common Soviet historical, cultural, economic, and ethno-religious heritage and common “mentality.” It is also clear from a geopolitical point of view that a politically and economically

weak Tajikistan will not have a significant role in Iran's strategy in Central Asia. Therefore, it appears logical that the Iranian branch of Islam and its most radical manifestations have not only failed to gain a foothold in Tajikistan, but sometimes even caused a degree of distancing in bilateral relations with Iran.<sup>6</sup> Even today Tajik experts recognize the ambiguity of Iran-Tajikistan relations with "Tajik authorities not eager to give the green light to all Iranian initiatives."<sup>7</sup> Besides Dushanbe itself is a victim of terrorism and drug trafficking

and Russia. These routes, for example, include the Trans-Afghan route Termez - Mazar-i- Sharif - Herat, access to the Iranian ports of Bandar Abbas and Chahbahar, and the planned corridor Bafq - Zahedan through Iran and Pakistan, which is potentially capable of linking Central Asian countries with South Asian markets.

The lack of an adequate regional transport network along with other factors limits the development of Iranian-Uzbek relations, with links being restricted mostly to the level of small-scale business and

## **The intensity and degree of relations between Uzbekistan and Iran is largely dependent on the barriers and obstacles imposed by the current geopolitical environment in Central Asia**

from Afghanistan and needs the support of the international community, as evidenced by the participation of Tajik representatives, including members of the Islamic Renaissance Party of Tajikistan, in recent international conferences on Afghanistan. The economic interests of the country require coordination in building transport corridors, which is why in June 2003 Presidents Emomali Rakhmon and Islam Karimov signed transport agreements with Iran and Afghanistan in Tehran. The above is hardly likely to lead to the formation of any Persian association in Central Asia with the participation of Tajikistan, Iran, and Afghanistan.

Sanctions imposed on Iran to some extent serve as obstacles to the development of Iranian-Uzbek relations, which hinders the construction of new transport routes and telecommunications necessary for the implementation of major projects, as well as small business activities and the inflow of foreign investment in Uzbekistan. In particular, sanctions have a negative impact on the economies of Iran and Central Asian countries and thereby substantially impede the pace of construction of the most economically feasible and mutually beneficial railways, which could provide direct access for the Central Asian countries to the ports of the Persian Gulf, Europe, Turkey, India,

scientific and cultural relations. Partly for this reason the trade between Iran and Uzbekistan has increased only marginally: in 1990 imports stood at 2155 million dollars and exports 2399 mln. dollars, increasing to 3136.9 million dollars' worth of imports and 3264 dollars of exports in 2001.<sup>8</sup> By 2012 the volume of Uzbek-Iranian trade reached only \$350 million.<sup>9</sup>

### **Partnership and cooperation**

Nevertheless, objective interests in mutual cooperation prevail. As early as November 1992 Tashkent and Tehran signed a joint statement on cooperation in economic, cultural, transport, and communication sectors, which was later supported by a number of other agreements which laid the basis for the development of bilateral relations.

Events post-2001 demonstrated the need to boost bilateral relations and take urgent decisions to address Central Asian transport and communication problems. In 2002, an agreement was reached on non-interference in the internal or external affairs of either country, and the need was stressed to build a policy based primarily on national interests. A strategic partnership between Russia and Uzbekistan had been also an

incentive to consolidate bilateral relations, which to some extent lay in the interests of Tehran which views cooperation with Russia as a potential counterweight to U.S. policy in Central Asia. Indeed, Iranian experts believe that it is only with the assistance of Moscow that Uzbekistan can solve the problems of armed aggression on its borders.<sup>10</sup> Of further importance to bilateral relations was an agreement signed in summer 2003 in Tehran on the creation of the Trans-Afghan corridor with the participation of Afghanistan.

Despite, growing geopolitical instability in the Central Asian region, partly due to continued Iranian-American antagonism,<sup>11</sup> Uzbekistan worked to improve its trade relations with Tehran in the mid-2000s. Deepening relations have been supported by the number of signed contracts between the two countries: by January 2005 about 20 agreements had been signed, while by 2011 there were more than 30 intergovernmental and interagency documents setting out basic principles and directions for the development of mutually beneficial economic and trade relations. In particular, relations between the countries are governed by the agreements “On trade and economic cooperation,” “On promotion and reciprocal protection of investments,” “On avoidance of double taxation and exchange of information on income and capital taxes,” as well as a number of intergovernmental memoranda. Currently there are over 120 joint Iranian-Uzbek companies in Uzbekistan, 20 of which are established with one hundred percent Iranian capital. The priority areas of cooperation include transport communications, energy, textiles, and agriculture.

Beyond the economic sphere, Iran and Uzbekistan continue to actively cooperate in the field of security: namely, combating drug trafficking and organized crime<sup>12</sup> and participating in the activities of international organizations—including the Organization for Economic Cooperation (OEC), Shanghai Cooperation Organization (SCO), Conference on Interaction and Confidence Building Measures in Asia (CICA), as well as all regional initiatives on Afghanistan which include the grouping “6 +2,” “Delhi Policy group,” the Istanbul Summit, “Afghanistan and Central Asia” dialogue, among others.

## Current situation

Currently, the development of Iranian-Uzbek relations continues to be largely affected by geopolitical checks and balances as well as interstate confrontation.

The focus is now on how the situation in Afghanistan will evolve after the drawdown of NATO troops in 2014. Allied to this, moreover, there are several conflicting visions of geopolitical development in the Central Asian region: the Eurasian model under the auspices of Russia, the American “New Silk Road” model, and the pan-Asian or “Heart of Asia” model. It is obvious that each of these political projects cannot be realized without engaging Iran, which is capable of assisting or blocking the development of such projects on account of its special links with Central Asia, including Afghanistan and its large Shiite diaspora.

In light of the above and given the fact that many countries are seeking economic partnership with Iran, and support Tehran’s involvement in certain conflicts in the Middle East and Afghanistan, Washington is trying to enlist Tehran’s support or at least ensure its neutrality when addressing regional problems. In response, Iran’s policy has been steadfastly cautious and ambiguous. On the one hand, because of the continuing dispute with the United States, Tehran has been actively involved in various regional associations (SCO, Non-Aligned Movement, OIC, “Heart of Asia” for Afghanistan etc.) that seek to exclude U.S. pressure and interests; on the other hand, Iran continues, with some success, to negotiate with the international community on its nuclear program, which meets the interests of the United States.

Attempts by the Obama administration to improve the standing of relations with Iran may, however, provoke Iran’s regional rival—the Kingdom of Saudi Arabia—which in turn could lead to a series of outbreaks of Sunni extremism in the Central Asian region, not least directed and sponsored by the Saudis. Upon successful completion of current negotiations of the International Group 5 +1 with Iran on the nuclear issue, it is expected that Saudi Arabia is likely to experience a decline in its geopolitical and economic influence and weight in the Middle East and Central Asia, as

well as in OPEC. In order to prevent this, Saudi Arabia is seeking a strategic partnership with the Gulf States and Israel. Presumably, the Saudis can also influence the situation in Afghanistan by inciting Sunni-Shiite strife. These new trends may potentially destabilize the already difficult situation in Central Asia and adversely affect Iranian-Uzbek relations, given the fact that the population of Uzbekistan is largely composed of Sunnis.

At the same time, dissatisfaction with the policy on Iran of the Euro-Atlantic community and alleged “double standards” by the U.S. may once again force Iran, Russia, and China to seek a greater convergence of positions, notwithstanding competition among them.

Thus, there are two major challenges to current Iranian-Uzbek relations: *geopolitical tensions* in Central Asia, which has forced Tashkent to seek an acceptable balance of forces in the region, and *religious extremism*, which is partly connected to the longstanding hostility between Iran and the United States. It is therefore obvious that prospects for bilateral relations will be largely determined by the nature and degree of influence these two factors exert.

At the same time, Iran shares many commonalities with Uzbekistan, and it is in the interests of economic and political security for Uzbekistan to gradually integrate itself into the Eurasian trading system. In December 2013, Tashkent ratified a Treaty of Accession to the free economic zone of the CIS countries, which expands the possibilities for economic partnership with Iran.

It is also noteworthy that most of Iran’s partners are also partners of Uzbekistan. It is worth mentioning in this regard that Tehran is not limiting itself to close bilateral relations with Russia and China, but also seeks to join the multilateral structure of the SCO. On the other hand, Iran is working closely with New Delhi, including cooperation on the TRACECA project which is favorable both to Central Asia and Europe. Moreover, Iran and another close neighbor of Uzbekistan, Afghanistan, have signed a strategic partnership and officially announced the launch of Afghan exports from the Iranian port

of Chabahar.<sup>13</sup> In parallel, Tehran is attempting to accelerate construction of the planned transport corridor Uzbekistan-Turkmenistan-Iran-Oman-Qatar and a pipeline from Iran to Pakistan. The improvement of Iran’s relations with Qatar<sup>14</sup> has been helped to a certain degree by such economic considerations and security interests (read the Saudi factor). Further, economic interests encourage European countries (notably Germany, Poland, Sweden, and Italy) not to await resolution of the Iran-U.S. dispute but rather to revive lost links with Tehran.<sup>15</sup>

Regardless of the position of the U.S. Congress on this issue, security and economic interests help to develop multilateral regional cooperation in Central Asia involving Iran. In order to consolidate these positive trends, Iran officially announced its refusal of violence in the Islamic world<sup>16</sup> by reiterating that it has no links with international extremism. Moreover, it has stressed that Iran itself is a victim of drug trafficking and is interested in a regional partnership to combat such.

Amid intensifying regional cooperation, the attempts of Saudi Arabia to create an anti-Iranian bloc of Gulf States remain fruitless. Taking into account domestic political problems in Saudi Arabia, its economic dependence on the United States, as well as Tehran’s efforts to approach the Saudis on finding a compromise in areas of common interest, it is possible that Saudi Arabia may yet come to a consensus with the Iranian leadership.

As for Israel, because of emerging pro-Iranian trends and the lack of a clear approach to Iran in the U.S., there has been a tendency of rapprochement toward Russia<sup>17</sup>—one that could also pave the way for a possible gradual normalization of relations with Tehran.

## Conclusion

In sum, the evolution of Iranian-Uzbek relations and the dynamics of these relations to some extent affect regional processes in Central Asia as a whole. In particular, limited contacts between Iran and Uzbekistan (until 2005) led to an unstable geopolitical situation in the region while periods of

cooperation (since 2005) have served to reduce the negative impact of other complicating factors (U.S.-Iran dispute, etc.) through the implementation of economic projects. What is more, it is clear that without taking into account the interests of Uzbekistan and Iran and their active collaborative partnership, it is impossible to construct an effective mechanism for regional security and cooperation. This is particularly important given the current situation in Afghanistan.

In turn, the intensity and degree of relations between Uzbekistan and Iran is also largely dependent on the barriers and obstacles imposed by the current geopolitical environment in Central Asia and the individual interests of these states. In the case of a substantial improvement in Iranian-American relations, Tashkent and Tehran could also significantly consolidate their relations by engaging in new large-scale energy projects (among others) in Central Asia.

However, if the negotiation process underway is delayed and confrontation with Iran prolonged, it cannot be ruled out that subversive activities and local conflicts with the participation and sponsorship of Saudi Arabia will take place. This scenario is not in the interest of any party, including Washington or Riyadh. It is highly likely that a very gradual improvement of U.S.-Iran relations, albeit not without difficulties, will come to pass, where after a revival of Iranian-Uzbek relations in the emerging Eurasian Economic Community will become more possible.

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