

**DISCOVERING
THE GEOPOLITICS
OF
THE ISLAMIC REPUBLIC OF
IRAN**



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SpecialEurasia

SpecialEurasia is a geopolitical Intelligence platform that transforms events into valuable outlooks, allowing public and private institutions, organisations, and individuals to confidently understand the increasingly complex international environment.

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SpecialEurasia helps our members and partners to understand and navigate a complex and everchanging global environment. Therefore, SpecialEurasia provides solid Intelligence for the decision-making process in international relations, security, and economics, supporting public companies and institutions with written and oral reports, risk assessments, infographics, tailored interactive maps, consulting and training courses.

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We have developed a solid network of international partners, contacts and sources which support our activities and projects. SpecialEurasia is not a media agency. Therefore, our goal is not to report daily news and events. By contrast, we want to read behind the lines of relevant events and inspect a single case from different points of view.

Persian Files

Persian Files ISSN 2975-0598 is a comprehensive publication dedicated to unravelling the intricate dynamics of the Persian Gulf region, focusing primarily on the Islamic Republic of Iran. This initiative aims to bridge a significant knowledge gap that persists in the understanding of the Persian Gulf and Iran. Our mission is to provide a nuanced analysis and reports of the multifaceted aspects shaping the Persian Gulf's geopolitical, historical, economic, and sociocultural landscape. Through rigorous research and interviews of esteemed experts, Persian Files aims to enhance comprehension of the region's complexities and the interplay of various factors influencing its trajectory.

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Introduction

Our sustained focus on Iran and the Persian Gulf underscores the strategic importance of these regions in our research endeavours. Since the start of our operations, we have dedicated ourselves to understanding the nuances of the Islamic Republic of Iran. Our goal is to provide informative reports that shed light on the prevailing circumstances for our readers and partners. Our primary focus is the Persian Files ISSN 2975-0598 research and editorial project, a comprehensive publication dedicated to exploring the intricate dynamics of the Persian Gulf, with a specific emphasis on Iran. This endeavour seeks to address a substantial knowledge deficit by providing a detailed analysis of the geopolitical, historical, economic, and sociocultural facets that define the Persian Gulf's landscape. Through meticulous research and interviews with esteemed experts, Persian Files strives to augment the understanding of the region's complexities and the interplay of various factors shaping its trajectory.

In September 2023, Silvia Boltuc, SpecialEurasia's Managing Director, bolstered our commitment to this project by producing comprehensive reports and analyses that extend beyond Iran's foreign and domestic politics. Her efforts encompassed a thorough examination of the country's society, economy, and investment opportunities. This merged document represents the culmination of months of intensive work and investigation, serving as an alternative guide for comprehending Iran. By offering an in-depth exploration of various facets of the nation, we aim to provide our audience with a comprehensive and insightful resource that goes beyond the conventional narratives surrounding Iran.

The heightened focus on Iran's multifaceted dimensions aligns with our mission to contribute to a more nuanced understanding of the Persian Gulf region. Through a synthesis of rigorous research and real-world insights, we aim to shed light on the interconnected factors influencing the region's geopolitical landscape. This approach empowers our readers and partners with a more informed perspective on the diverse forces at play in the complex tapestry of the Persian Gulf's sociopolitical dynamics.

BRICS expansion and Iranian membership: what prospects for Tehran?

August 24, 2023

Iran's membership in BRICS could shape novel prospects for Tehran's foreign policy and economic strategy, solidifying the growing geopolitical paradigm of a multipolar world, where nations like Russia, China, Iran, and India endeavour to provide a counterbalance to Western influence.

The 15th BRICS summit successfully concluded on August 23rd, 2023. BRICS chair president and South Africa President Cyril Ramaphosa announced the outcomes of the summit hosted in Johannesburg, South Africa. The five BRICS members have agreed on the guiding principles, standards, criteria, and procedures of the BRICS expansion process and have reached a consensus on its first phase.

Member countries have invited the Argentine Republic, the Arab Republic of Egypt, the Federal Democratic Republic of Ethiopia, the Islamic Republic of Iran, the Kingdom of Saudi Arabia and the United Arab Emirates to become full members of BRICS from 1 January 2024.

During the summit, BRICS countries also reiterated the commitment to inclusive multilateralism and upholding international law, including the purposes and principles enshrined in the United Nations Charter.

It is the first BRICS Summit to be hosted in-person since the COVID-19 pandemic and the subsequent global travel restrictions. Before the Summit, there was a BRICS business program that aimed to encourage investment and collaboration and highlight opportunities in South Africa, Africa, and BRICS nations.

Ms Dilma Rousseff, the President of the New Development Bank (formerly called the BRICS Development Bank), explained the vital role that this financial institution should play to support infrastructure and sustainable development in Africa and the Global South.

Notably, the group underlined that there is global momentum for the use of local currencies, alternative financial arrangements and alternative payment systems. The Summit agreed to ask the BRICS Finance Ministers and/or Central Bank Governors, as

appropriate, to consider the issue of local currencies, payment instruments and platforms and report back to the BRICS leaders by the next summit.

BRICS: Background Information

In 2010, Brazilian President Lula da Silva, during his speech at the BRIC summit in Brasilia uttered the famous phrase, “We have a fundamental role in creating a new international order”. What is envisioned today is effectively a shift in the global geopolitical status quo. With several Western countries entering a recession because of the consequences of the COVID-19 Pandemic and the sanctions on Russia, which have heavily hit the driving economies of Europe, Southeast Asia is registering the largest emerging economies.

Although the Ukraine conflict seems to recreate the division of the world into two blocks as during the Cold War period, the Western world appears cohesive while a second block is formed by a heterogeneous set of powers with very different political systems, economies, cultures, and religious profiles. The goal of these powers is to sit at the negotiating table as equals and create economic growth and a balance for the benefit of the interests of all countries involved.

Against the backdrop of these momentous changes are new organisations such as the BRICS. In 2001, Goldman Sachs economist Jim O’Neill coined the original acronym ‘BRIC’ to describe fast-growing economies that would collectively dominate the global economy by 2050. According to Aaron O’Neill, combined, the BRICS bloc had a GDP of over 26.03 trillion dollars in 2022, which is slightly more than the United States. It is predicted that China’s GDP will overtake that of the US by the end of the 2020s to become the largest economy in the world. Meanwhile, some estimate that India will also overtake the US around the middle of the century.

One of the key topics on the BRICS agenda is to conduct more trade among member nations in local currencies and reduce the reliance on the US dollar. As a consequence of Washington removing Russian banks from SWIFT, several Eurasian countries already exchanged gas with local currencies last year.

According to Jo Sullivan, a former White House economist, BRICS countries collectively export more than they import. They do not need to borrow money from non-BRICS nations like the US or the EU to import goods. So, the rest of the world would have no source of leverage on them.

Iran's Membership to BRICS: Geopolitical Evaluation

At the closing ceremony of the BRICS summit dubbed “Iran and BRICS: Prospects for Partnership and Cooperation” at the Foreign Ministry’s Institute for Political and International Studies in Tehran on August 8th, 2023, Iran’s Foreign Minister Hossein Amir-Abdollahian renewed the country’s interest in joining the economic bloc, saying the Islamic Republic can be a “reliable and influential” partner.

He also emphasised the need for collaboration among developing nations and the global south in his speech. In this regard, it is important to recall Iran’s renewed African policy. Although Tehran is still working to revive the 2015 nuclear deal, the continued failures in the talks and the general lack of trust in the European interlocutors — who failed to maintain the pact alive when the US unilaterally withdrew — have pushed the Islamic Republic to emerge from Western isolation and reorganise a network of contacts with non-aligned countries.

In line with this approach, in March 2023, the inaugural Economic Cooperation Summit between Iran and West African countries took place. Subsequently, President Ebrahim Raisi embarked on a three-country trip to Africa in mid-July, marking the first time an Iranian president has undertaken such a visit in over 11 years. Cooperation has increased also with Latin American countries and Eurasia, including Central Asia, the Caucasus, and recently, the Gulf.

Amir-Abdollahian further added that the economic and political alliances in the developing world aim to strengthen their bargaining power during international negotiations, especially at the United Nations.

Recent Iranian foreign policies marked an improvement in the country’s economic performance despite decades of sanctions. The development of existing free trade zones and the establishment of new ones has become one of the major economic approaches of the Iranian government.

Secretary of Iran’s Free Zones High Council Hojatollah Abdolmaleki said the value of exports from Iranian free trade and special economic zones last year was close to 18 billion dollars, with a trade balance of these zones reaching 700 million dollars positive for the first time. Oil export has also increased, and Iran secured membership or free trade agreements with important economic organisations, such as the Shanghai Cooperation Organisation and the Eurasian Economic Union.

Conclusion

Undoubtedly, Tehran has proved an unexpected resilience, developing an ability to positively leverage the unique set of circumstances surrounding the Islamic Republic, particularly isolation, caused by international sanctions.

Joining BRICS, which includes Russia and China, could help Tehran bypass economic sanctions and take part in global growth. Vice versa, for BRICS, Iran represents a great opportunity. Europe has long looked at the Islamic Republic with interest given its enormous unexploited potential but wasn't able to access it because of sanctions.

The Islamic Republic has the second worldwide reserves of gas and is rich in oil. It shares borders with 13 states and has strategic access to the Caspian Sea, the Persian Gulf, and Central Asian and Caucasian regions, in addition to being part of international transit corridors. Its strong commitment to multilateralism.

Its focus on the growth of production and trade, and its enhancement of economic ties with regional actors despite ideological or political friction proved the country might be a valuable candidate for the bloc and contribute to balancing the Group of Seven (G7) sphere of influence.

It is also important to underline that in the MENA area, Saudi Arabia is the first trading partner of the BRICS countries and is discussing joining the New Development Bank (NDB), as the UAE did in 2021. The normalisation of relations between Riyadh and Tehran in addition to Beijing's investments in both countries will further increase the success possibility of the BRICS bloc, reduce disputes, and increase Iran's international presence. Notably, Saudi Arabia was also invited to join the BRICS bloc. The effort made by regional countries to overcome historical division was pushed by the need both of Riyadh and Tehran to improve their country's economic performance and attract new investments. We can expect that growing economic ties between Eurasian countries will serve the stability of the region.

Turkey-Iran relations: historical backgrounds and Pan-Turkism revival



Figure 1 The Turkish Consulate in Istanbul. Credits. SpecialEurasia

August 14, 2023

Turkey-Iran relations have always been discontinuous, characterised by cooperation on the diplomatic level, alternating with opposite geopolitical needs and foreign strategies. Such competition can be seen in the Caucasus, where Turkey has openly supported Azerbaijan in the conflict over Nagorno-Karabakh/Artsakh against Armenia, in the Middle East, where Syria and Iraq have become a battleground of conflicting interests, and finally in the energy field, as both countries are striving to establish itself as the region's leading transit hub for energy supplies.

Over the centuries, an incessant confrontation between the Persian and the Turkish-Ottoman Empires took place, with some rare exceptions in modern times. To give some brief examples of such a confrontation it is possible to cite some major historical events. In 1514, Selim I imposed an economic land and sea blockade on the Iranian silk trade and persuaded leading Sunni religious leaders (muftis) to issue declarations of holy war (fatwas) against his Shi'ite opponents, condemning them as heretics. This set the stage for a permanent and bitter Sunni-Shi'ite divide between the Ottoman Empire and Persia. During his march through Ottoman territory and into Iran, Selim massacred up to forty thousand of his own empire's Shi'ite subjects.

After the Ottoman rulers took over the Islamic caliphate, ironically, given their long-running conflict with Iran, the Ottomans used Persian as the language of international diplomacy, emulating the Arabs, Seljuks, Mamluks, and Mongols whom they had supplanted, and therefore incorporated into the Turkish customs and traditions Persian elements.

Despite the historical legacy of Ottoman-Safavid antagonism or the contrast between the two opposing Islamic confessions, the Shiite and the Sunni, it is reasonable to think that the competition today sinks more simply into real politik and therefore into the geopolitical needs of Ankara and Tehran.

Ankara's renewed interest in the Eurasian area after repeated failures to access the European Community has prompted Turkey to pursue a more incisive regional role in creating a Turkish bloc. This bloc would unite the Turkic-speaking countries of Central Asia with Azerbaijan and Azerbaijan with Turkey through the appropriation of the Armenian region of Syunik, called by Baku 'the Zangezur corridor'.

Such an outcome, would also favour the European Union, struggling with the need of alternative supply routes for the gas coming from central Asia after cutting imports from Russia. The need of energy supply from Azerbaijan might be considered the main reason behind the decision Brussels took not to impose sanctions on Baku despite the humanitarian tragedy resulting from the blockade of the Lachin Corridor and the attack on Armenian sovereign territory in September 2022.

Turkish-Azerbaijani plan to create a Turkish bloc involves making territorial claims on regions ruled by Georgia and Iran. As this report aims to deepen the dynamics between Turkey and Iran, it is vital to retrace some events that characterised the Turkish-Iranian relations and analyse one of the current Turkish-Azeri strategy to destabilise the Islamic Republic of Iran from the inside.

Historical background of Turkey-Iran relations

In 1979 the Iranian Islamic Revolution led by Ayatollah Khomeini, one of the most significant events of the twentieth century, transformed the country considered until then the most stable in the region. The shock wave of the Revolution in the Eurasian geopolitical dynamics was considerable: in the first place the United States lost a strategic ally in the Gulf.

These are turbulent years in Turkey too. The 1961 Constitution recognised an autonomous function for the military within the Senate, giving way to a form of government 'protected' by the army. The constitutional legacy of the document elaborated by the Istanbul Commission is the assurance of controversial forms of protection of the principles of Kemalism and, in particular, of secularism.

The early 1970s in Turkey are those of the terrorist guerrillas and the movements that are formed in the camps of the Palestine Liberation Organization (PLO) in Jordan; these are also the years of the resurgence of Kurdish separatism.

The Islamic Revolution in Iran was followed by a generalised concern by neighbouring countries about the risk of its driving principles being exported, investing also secular or Sunni governments. The ideological friction between the Iranian Shiite Islamic Republic and the secular and Kemalist state in Turkey should be framed within this context, even if in the early years of the Pahlavi dynasty there had been a sort of continuity in the government models of the two states.

Although the staunchly secular high ranks of the Turkish military were endowed with the constitutional mandate to support the Kemalist system in the country, the end of the secularist political monopoly becomes evident not only with the growing influence of religious parties, but even more with the rise of Erbakan and the Welfare Party he founded in 1983 and his closeness to Iran that is still much discussed today.

After his appointment as Prime Minister, Necmettin Erbakan chose Iran as his first destination for a visit abroad. It should be emphasised that while the closeness between the two states assumed at the time an ideological connotation which subsequently experienced yet another abrupt interruption due to internal changes in Turkey, the second-generation Islamists have framed their relations with Iran around more pragmatic and less contentious issues. Erdogan himself has continued to strengthen ties with the Islamic Republic of Iran with energy supply contracts from Tehran that would have supported Turkey's growing economy.

Turkey's accession to the North Atlantic Treaty (NATO) and the deployment of U.S. military bases on its soil has further distanced Ankara and Tehran. Turkey's close cooperation with the Western bloc, albeit with a controversial independence of Ankara's regional policies, and the Israel-Azerbaijan-Turkey axis in the South Caucasus are among the greatest threats to the internal security of the Islamic Republic of Iran.

Tensions between the two countries were further exacerbated when Ankara agreed to place a NATO missile defence shield in eastern Anatolia that was being sold by the United States as a deterrent to Iran's burgeoning missile capability.

If previously Turkey had shown to be more focused on Europe and the West and did not represent a consistent threat to Iran, with the renewed interest in Western Asia and North Africa, Ankara is once again a geopolitical player in strong competition with Tehran's interests.

Competition over the Middle East

Iraq and Syria have become the major theatres in which the Turkish-Iranian competition has developed. In 1978 Abdullah Öcalan founded the Kurdistan Workers' Party (PKK) which aimed at the independence of a Kurdish state in Southeastern Turkey. During Prime Minister Erdogan's 2004 visit to Tehran, Turkey and Iran signed a security cooperation agreement branding the PKK as a terrorist organisation.

Indeed, Iran also had security problems in areas with Kurds and PKK-linked groups attacking Iranian officials. This agreement marked an initial cooperation on Kurdish separatism and the defence of their respective borders, cooperation which to date would seem to have collapsed under the weight of competing interests between Ankara and Tehran.

Syria and the outbreak of riots in 2011 were a watershed in relations between the two states. Already in 1998, Turkey threatened to invade Syria for supporting the PKK. In fact, the PKK leader and training camps were hosted by Damascus.

Notably, ideological factors played a significant role in the factions on the ground. Turkey allied with the Sunni monarchies of Saudi Arabia and Qatar to oppose the government of Bashar al-Assad. Meanwhile, Shiite Iran supported the leadership of Damascus along with Russia. Support to Tehran of Hafez al-Assad during Iran-Iraq war, common opposition to Israel and support to Hezbollah in Lebanon created a connection between Iran and Syria.

Erdogan's ambiguous positions regarding Israel could pose a threat to the Iranian leadership. While on the one hand the Turkish president has repeatedly been openly critical of Israeli policy in the West Bank and Gaza Strip accusing Tel Aviv of state

terrorism, recently, also thanks to the dynamics in the Caucasus, Israel and Turkey have experienced closeness which is dangerous for Iran.

Furthermore, the progressive loss of territory by the Islamic State led to a vacuum of power in both Syria and Iraq along the southeastern border of Turkey causing a clash between Tehran and Ankara over who should fill this vacuum. Turkey accused Iran of pursuing a sectarian agenda and destabilising the Middle East; Erdogan said Tehran was trying to divide Iraq and Syria using “Persian nationalism,” while Turkish foreign minister Mevlut Cavusoglu criticised what he called Iran’s “sectarian policy” aimed at undermining Bahrain and Saudi Arabia.

Lastly, the Kurdish question does not seem to bring the countries together as it used to. Tehran is facing internal protests with the Kurdish minority at the forefront supported by a rearguard in Iraqi Kurdistan. Ankara is conducting controversial ‘demographic’ policies alongside the more notorious military incursions into both Syria and Iraq.

While Ankara has moved from aerial bombing of alleged PKK encampments to establishing a semi-permanent military presence along Iraq’s borders, including five major bases and over 50 checkpoints (there are estimated to be between 4,000 and 10,000 Turkish soldiers in this part of Iraq) in Syria Erdogan is trying to shift the demographics in favour of Turkey. With a strategy of which the city of Afrin is the most striking example, Ankara has attempted to settle pro-Turkish Sunni Arabs to dilute the Kurdish presence, effectively transforming a once Kurdish city into a predominantly Sunni Arab pro-Turkish ally. Of the 350,000 Kurds present in Afrin after the 2018 Turkish invasion, only 150,000 remain.

The so-called “safe zones” created by Ankara, thanks to the infrastructure illegally built on the occupied land, represent a de facto growing annexation by Turkey. The ethnic/religious component is instrumentally used by Ankara and Tehran to expand their areas of influence and secure their borders. Even in 2016, when the operation to liberate Mosul began (since 2014 the city had become the headquarters of the self-proclaimed caliphate of the Islamic State in northern Iraq) Ankara reaffirmed the Sunni identity of the city, triggering a clash with the Iraqi authorities, fearing a demographic change in post-Islamic State Iraq.

Relations between Iraqi Kurdistan and Azerbaijan are also growing. Ankara encouraged Erbil and Baku to enhance ties both in the energy and security sphere. Notably, ties

between Erbil and Tel Aviv have also constantly growth. Turkey's intentions in the area are becoming clear in light of its mended relations with previously hostile Arab nations, backing for normalisation between Israel and Gulf states, and Azerbaijan's forceful expansion against Armenia.

Ethnic minorities and identity issues as a contrast tool

Nowadays, the confrontation between Turkey/Azerbaijan and Iran, along with the military one, is exploiting also soft-power tools.

On the 12th August, 2023, the South Azerbaijan Culture Centre in Baku held a conference on "Promotion and problems of South Azerbaijan culture" sponsored by the APA GROUP, a unified media structure, which includes Azeri-Press Agency (APA) LLC, Lent.az Information Agency LLC, Vesti.az Information Agency LLC, APASport.az Information Agency LLC, APA TV internet television and Kulis.az literature website and DGTYB, the World Union of Young Turkish Writers.

Moreover, the Cultural Centre of South Azerbaijan will organize the 'Cultural Days of South Azerbaijan' in Izmir, Turkey from the 23rd to 30th September 2023.

With 'South Azerbaijan' Baku and Ankara refer to the Northern region of Iran inhabited by a large Turkic-speaking community. By using this expression, they underline that such a region should be part of Azerbaijan and separate from the Islamic Republic of Iran.

In a recent interview, Cemal Mehmethanoğlu, the founder of the South Azerbaijan Cultural Centre in Izmir, accused some of the 100 Azerbaijan cultural associations active in Turkey of pretending to ignore 'South Azerbaijan' out of fear of the mullahs operating as agents of the Iranian regime in their country. Association like the one founded by Mehmethanoğlu, according to his words, are created to legitimise and support the existence, cultural and political struggles of the Turks of 'Southern Azerbaijan'. The centre collaborates with Barama Radio and intends to seek help from all South Azerbaijan internet TV stations.

Using ethnic minorities and minority people to destabilise a country from within is becoming a widespread strategy. Although the Turkic-speaking peoples within Iran have, like any other minority, their own language and culture alongside the Persian one, the support that the secession of this group is receiving from various foreign countries is a

violation of international law on territorial sovereignty. In this sense, a debate could be opened on what international law considers a priority: territorial sovereignty or the right to self-determination of peoples. Examples such as Kosovo, Nagorno-Karabakh/Artsakh, Abkhazia or Pakistan show a very inconsistent approach on this matter.

Even the recent NATO strategy to destabilise Russia from within against the background of the current conflict in Ukraine is exploiting conferences on Free Nations of Post-Russia, held both in the United States and in Turkey, to push these peoples towards independence requests.

Conferences like the one on the culture of ‘South Azerbaijan’ can be considered part of the soft power used by Azerbaijan and Turkey to destabilise the Northern Iranian region. Nevertheless, Ankara cannot openly support the secession of the Turkic-speaking populations of northern Iran, otherwise, in equal measure, it would have to recognise Nagorno-Karabakh/Artsakh to the Armenians.



Figure 2 Istanbul, August 2023 - Political banner supporting Turkish President Recep Tayyip Erdogan. Credits: SpecialEurasia

Conclusion

Under Erdoğan’s leadership, Ankara seeks to achieve the Turkish countries’ unity, pushing Pan-Turkism ideology through the Caucasus to Central Asia. Azerbaijan has been one of

the primary tools of Turkish influence expansionism. Notably, the founding agreement of the Turkish Council was signed in the Nakhchivan exclave.

Ankara's increasing influence would come at the expense of Tehran's regional goals: the recent Azeri attempt to connect Nakhichevan through the Armenian Syunik region will serve Ankara's goal of connecting Turkey to Azerbaijan, the Caspian Sea, and the central Asian republics. Although Ankara proved to have an independent regional policy, such an outcome might also be in the interest of NATO countries, which could realise a corridor connecting Central Asia to Europe. Still, the Atlantic Alliance should be cautious of Turkey's increasing power in the region, as they have their own interests that may not align with the Western world, particularly after the U.S. withdrew. This risk is confirmed by the instrumental use of the flow of migrants or by the veto on Sweden's accession to NATO exploited by Erdogan as a geopolitical leverage against Europe.

For Iran, Azerbaijan taking control of Syunik would mean being cut out from energy corridors and losing its land connection to Russia and Armenia, a door through which Tehran can access the Eurasian Economic Union markets.

Interests in Syria, Iraq and Central Asia and Turkey's accession to NATO have been dividing issues between Ankara and Tehran, which instead have found a convergence of policies regarding opposition to an independent Kurdistan and support for creating an independent Palestinian state. Moreover, it can be recalled that in 2012, Turkey opposed U.S. sanctions on Iran although partially reducing oil imports and supported Iran's nuclear program. Such stances demonstrate once again the discontinuous relations between the two powers.

The exploitation of Iranian ethnic minorities has been, throughout the last year, one of the major tools to destabilise Iran from inside. Conferences and cultural centres on the Iranian region of Azerbaijan and its Turkic-speaking population are part of this soft power strategy.

The recent 'diplomatic crisis' between Iran and Azerbaijan and Azerbaijani media openly recalling the need for the northern Iranian region to pass under Azerbaijan's control based on ethnolinguistic claims are the last stage of a long-lasting confrontation. Headlines such as 'The time has come; southern Azerbaijan must separate from Iran' or 'South Azerbaijan fights for independence! Azerbaijani state has a sufficient mobilisation force

to protect the rights of its compatriots' were published on media platforms affiliated with the Azeri presidential administration.

Last but not the least, it should also be underlined that, on IRGC channels, the Iranian Islamic Guard has repeatedly published videos with photomontages showing the Azerbaijani claims on Southern Armenia and Iranian Azerbaijan, showing in the subsequent sequences the war power of the Islamic Republic of Iran, as a warning of Tehran's response to a possible Azerbaijani or Turkish aggression to the borders internationally recognised.

Interplay of Security Dynamics: Iran's Response to Kurdish Secessionism and External Alliances

August 31, 2023

The complex landscape of Iran's struggle with Kurdish nationalism unfolds as the Iranian leadership confronts secessionist groups along its borders. Amidst international interests and internal challenges, the fight against terrorism, potential destabilisation, and regional alliances shape Tehran's multifaceted approach to counter these issues.

The Ministry of Foreign Affairs of Iran's spokesman, Nasser Kanaani, stated on August 28th, 2023 that Tehran is at the vanguard of the fight against terrorism and is also one of the country which suffered most significant casualties caused by this phenomenon.

During his address, Kanaani recounted the agreement reached with the Iraqi government, which obligated them to disarm the armed separatists in the regions of Iraq and Kurdistan, evacuate the military barracks they established, and relocate to the camps designated by the Iraqi government by September 19th, 2023.

Allegedly, the Iraqi government has notified the terms of this Memorandum of Understanding to the authorities of the Kurdistan Region for implementation. Several Iranian government's representatives reiterated that the September 19th, 2023, deadline will not be extended in any way.

According to Kanaani statements, the UN Secretary General's special representative in Iraq and the representative of the High Commissioner for Refugees are aware of Iran's views. The spokesman further added that for Iran security is important and, after the deadline, if the agreement is not implemented, Tehran will fulfil its responsibilities within the framework of the country's security.

History of Kurds' insurgent activities against the Islamic Republic of Iran

Iran has a multi-ethnic nature. The most numerous ethnic groups are the Persians, the Arabs, the Turkmen, the Azeris, the Balochis and the Kurds. There are mainly two Sunni ethnic groups in Iran that are involved in insurgent activities against the government: the Kurds and the Balochis.

It is noteworthy to mention that while other ethnic groups, including Arabs, Azeris, and Turkmen, have autonomous lands (Gulf countries, Azerbaijan, Turkmenistan, or Turkey), the same cannot be said for the Kurds and Baluchis.

The Kurds live in a mountainous region of southwest Asia, known as 'Kurdistan', which is part of Turkey, Iraq, Iran, Syria and Armenia. The collapse of the Ottoman Empire created several new nation-states, but not an independent Kurdistan.

Over the years, tensions have flared between different Kurdish factions in different countries. While the two Iraqi Kurdish groups, the Kurdistan Democratic Party (KDP) led by Massoud Barzani and the Patriotic Union of Kurdistan (PUK) led by Jalal Talabani were fighting a civil war (1994-1998), the Kurdistan Workers' Party (PKK) was waging a guerrilla insurgency in southeastern Turkey, and was against the idea of a local self-government within Iraq.

As for the Iranian Kurds, there were two historical autonomy attempts. The first one was in 1946, backed by the Soviet Union, when the Kurds established the Republic of Mahabad. The second was in 1979 when, thanks to the destabilisation caused by the Iranian Revolution, they could establish an unofficial border area free from Iranian government control.

The Iranian Kurdish Communist Party (Komala) and the Kurdish Democratic Party of Iran (KDPI) fought trying to take advantage of the Shah's deposition to gain more autonomy. In both cases, these attempts didn't last long.

Shortly after the onset of the Iran-Iraq War of 1980-1988, Baghdad used the KDPI as an army towards the newly established Islamic Republic. In January 1981, Saddam Husayn's regime established its first major weapons supply route to the KDPI near the Iranian cities of Nowdesheh and Qasr-e Shirin.

Securing Nowdesheh was Iraq's prime aim, as the city's strategic location would deny Iran the use of the Baghdad-Tehran highway. The dream of the KDPI to obtain freedom through Iraqi-supplied weapons soon ended as the Iranian forces inflicted heavy defeats on Saddam's forces and the Kurdish group.

Notably, between the 1980s and the 1990s, Tehran's cooperated with Turkey against Iranian Kurdish groups, which, together with cross-border military operations, further weakened these factions' activities.

For decades, Iran's armed Kurdish groups have suffered disunity. Iranian Kurdish militants officially announced the renewal of their insurgent campaign against Tehran in 2016. In March 2017, Komala announced six armed Iranian Kurdish groups pursuing autonomy would develop cooperation between the parties aimed at joint military activities.

The Kurdistan Freedom Party (PAK), a left-leaning nationalist Kurdish political faction, affirmed that widespread Kurdish uprising would affect all Iranian cities. Nevertheless, the hit-and-run tactics exploit by Iranian Kurdish groups against Iranian forces proved not to be effective in achieving the ultimate goal of freedom, although the Islamic Revolution Guards Corps (IRGC) suffered several losses.

Another Kurdish faction, not part of the joint group announced in 2016, the Kurdistan Free Life Party (PJAK) also started insurgent operations in the same period. Remarkably, they attempt the assassination of an Iranian member of Parliament. The PJAK is labelled as a terrorist group also by the United States.

In recent times, the IRGC has launched a series of aerial operations at the headquarters of Iraqi Kurdistan-based terrorist groups. The military operation followed the illegal entry of armed teams linked with the Kurdish terrorist groups into the Iranian border cities.

One of the more recent insurgents' activities was the coordinated drone attack on January 28th, 2023, which damaged an Iranian government weapons factory in the central city of Isfahan. Nour News reported that terrorists, ordered by a foreign intelligence service, smuggled the constituent parts of a micro aerial vehicle and explosive materials from the Kurdistan region into Iran. A US official stated that apparently Israel was behind the drone attack.

It should be mentioned that terrorist attacks targeting Iranian defence facilities are not the only strategy of Kurdish factions. Supporting the Iranian Kurds during the recent country's protests and smuggling weapons has been part of their struggle to achieve political independence from Tehran.

Kurdish nationalism and the Kurds as a strategic asset in Israel's strategy

The relations between Kurdistan (especially the KDP) and Israel dates to the mid-1960s, when Israel sought support from the Kurds to weaken the Iraqi regime. Throughout the 1960s and the 1970s, Israel secretly backed a Kurdish insurgency against Iraq as part of

its Middle East geopolitical strategy to forge alliances with non-Arabs. At the present time, this strategic alliance might be redirected to contrast Iran.

During the pro-independence rallies in Erbil, it was possible to see Kurdish people publicly expressing their appreciation for Israeli support by waving the flag of the Jewish state. At the same time, Israel became the first country in the world to endorse Kurdish independence on September 9th, 2017. Moreover, Tel Aviv strongly condemned the Turkish incursion into Kurdish areas in Syria, showing support to the entire Kurdish population, not only to the ones living in Iraq.

While in 2006, Iraqi Kurdistan president and KDP leader Massoud Barzani said in a statement that it was not a crime to establish relations with Israel, expressing its readiness to open a consulate in Erbil, Iraq's parliament passed a law in 2022, that makes it a crime to normalise ties with Israel.

Countering Iran has been the primary goal of Israeli strategy in the region. According to a report produced by Seymour Hersh, already in 2004, Israeli military and intelligence operatives were active in Kurdish areas of Iran, Syria and Iraq, providing training for commando units and running covert operations.

Israel's aim was to create a base in Iran from which Tel Aviv could spy on Tehran's activities. Indeed, in recent years, Iran reported multiple terrorists' attacks or attempt carried out inside the Islamic Republic by regional Israeli allies.

In 2022, for example, the Iran's Intelligence Ministry said that members of a terrorist group affiliated with Mossad were identified and arrested by Iranian security forces before they could take any action to conduct acts of sabotage. The ministry added the terrorists were in contact with Mossad agents through one of the neighbouring countries and had sneaked into Iran from Iraq's Kurdistan region. He also underlined that they had the most up-to-date equipment as well as powerful explosives.

Although Tel Aviv has also invested in the Iraqi Kurdistan region and relies on Erbil for part of its crude oil imports, the most significant achievement by establishing deep ties with the Kurds is to have eyes and ears in Iran, Iraq and Syria. Enhance the ethnicity movements in Iran has been part of an Israeli strategy to destabilise the Islamic Republic from the inside.

Another vital aspect to mention is how Israel is favouring its regional allies and vice versa. The Kurdistan Region of Iraq pumps the aforementioned oil supplies across southern

Turkey to the Mediterranean port of Ceyhan. As a result, producing and selling this oil has helped Iraqi Kurdistan maintain partial autonomy from the Iraqi federal government.

But it should be added that recent Israeli allies, Turkey and Azerbaijan, both interested in countering Iran's power, are also enhancing their ties with Erbil. As Israel helped Azerbaijan's forceful expansion at the expense of Armenia delivering weapons to Baku, it can be suggested that it might support Azerbaijan also in his claims to achieve the independence of the Turkic-speaking minority inside Iran.

Indeed, allegedly it would not be the first time that Tel Aviv have supported an ethnic minority group inside the Islamic Republic in its struggle for independence with the last goal of hitting the Iranian government. During the trial of Habib Farajollah Chaab, the ringleader of Al-Ahwaziah, an Arab separatist movement active since 1999 that advocates for the separation of Khuzestan Province from Iran, the prosecutor presented evidence revealing his ties to Saudi Arabia and Israel.

Conclusion

In the last decades, Iraqi Kurdistan has represented a continuous challenge to the Islamic Republic of Iran. Home to US bases, exploit by Israel for undercover operations targeting Iran and base for Kurdish factions backing Iranian Kurdish opposition groups, Iraqi Kurdistan is now the epicentre of Tehran's counterterrorism efforts.

The need to ensure its borders and to avoid terrorist attacks and weapons smuggling, which might lead to the destabilisation of Iran, pushed Tehran to address these secessionist groups with drone and missile attacks. The Iranian leadership in the last years warned multiple times the local government of renewed strikes unless Iraq acts to ensure the area inhabited by exiled armed Iranian dissidents.

Notably, being some of the major international powers keen to reduce Iran's influence in the region or, sometimes, willing to make the country collapse from the inside, players such as Israel, the US and Turkey exploit the Kurds.

The US and European military advisers have trained members of the Kurdistan Freedom Party (PAK) alongside Peshmerga forces in weapons and explosives for fighting the Islamic State (ISIS), tools the Kurds subsequently employed to conduct offensives against Iran.

While the primary goal for the Western military was the fight against terrorist activities and stabilise Iraq, for Israel enhancing ties with the Kurdish groups had a more specific goal.

There were both opportunities and challenges arising from the 2003 military intervention of Iraq.

For Tel Aviv it represented the possibility of increasing its presence thanks to the weakening of the Iraqi central government's power. For Tehran, it represented a major threat to its borders, although the Islamic Republic benefited from the changing political landscape in terms of alliances.

Still, having Israel and the US increasing their presence and activities in Iran's lebensraum (vital space) is a direct threat for the Islamic Republic. Remarkably, it was Iraq, the place where the killing of Qasem Soleimani, leader of Iranian Quds Force, took stage by order of the US President.

Furthermore, recently the US House Armed Services Committee last week passed an amendment by Republican Congressman Don Bacon supporting the transfer of air defence systems to the KRG Peshmerga forces. The US Senate must approve the amendment before it can officially be included in the fiscal 2024 National Defence Authorisation Act (NDAA), which is the law that determines the Pentagon's annual budget.

In conclusion, this can hardly be considered the last stage of Iranian struggle with Kurdish nationalism. Still, as the recent domestic riots underlined, the issue of the Kurdish secessionist group might become one tool exploited by Iran's enemy to destabilise the Islamic Republic from the inside and, therefore, it cannot be underestimated. As long as this armed group will exist along Iran's border, we can expect Tehran to develop severe countermeasures.

From Rivalry to Cooperation: Charting the Future of Iran-Saudi Relations

September 7, 2023

Iran and Saudi Arabia have taken significant steps towards improving their diplomatic relations by appointing respective ambassadors to Tehran and Riyadh. This development marks a historic milestone in the restoration of relations between the two countries.

Abdullah bin Saud Alanazi, the former Saudi ambassador to Oman, arrived in Tehran, while Alireza Enayati, former Iranian ambassador to Kuwait, arrived in Riyadh. Both diplomats emphasised the importance of strengthening cooperation and fostering mutual trust as part of a strategic vision for regional stability.

Iran-Saudi Arabia Relations: A Brief Geopolitical Scenario

On September 5th, 2023, Alireza Enayati, who previously served as the Iranian ambassador to Kuwait, arrived in Riyadh, Saudi Arabia. The Saudi Foreign Affairs Ministry and the embassy staff warmly welcomed the Iranian diplomat granting the beginning of his new diplomatic assignment in the Saudi Kingdom.

Simultaneously, Abdullah bin Saud Alanazi, former Saudi ambassador to Oman, landed in Tehran to assume his new role as Saudi Arabia's ambassador to Iran. This momentous event symbolizes a historic turning point in the ongoing efforts to rebuild diplomatic relations between the two nations.

Alanazi expressed his commitment to strengthening relations between Saudi Arabia and Iran, both of which share the Persian Gulf as their border region. He emphasised the significance of fostering cooperation and mutual trust in line with a strategic vision that promotes good neighbourliness, understanding, and constructive dialogue between the two countries. Moreover, he stressed that Saudi Arabia's political outlook for 2030 (Saudi Vision 2030) calls for enhancing cooperation with Iran.

Prior to his departure for Saudi Arabia, Enayati outlined the framework of his mission, which is rooted in the concept of good neighborliness promoted by Iran's President, Ebrahim Raisi. In an extensive interview with IRNA, the Iranian diplomat recounted the challenging six-month journey of rebuilding bilateral relations, which commenced on March 10th, 2023, thanks to Beijing's mediation.

He enumerated several key milestones in this endeavor, including the reopening of embassies and consulates, the exchange of diplomatic personnel, the official declaration of relations, visits by foreign ministries to each other's capitals, and now the exchange of ambassadors.

The restoration of diplomatic ties between Iran and Saudi Arabia was facilitated by a Chinese-brokered deal reached in March 2023. This breakthrough came after a seven-year interruption in relations following protests in Iran against the execution of Sheikh Nimr al-Nimr by Saudi Arabia. One of the significant symbolic gestures in the process of normalization was the official reopening of the Iranian embassy in Saudi Arabia in June, coinciding with the historic visit of Saudi Arabia's Foreign Minister, Prince Faisal bin Farhan Al Saud, to Iran—his first trip to the country.

The positive trajectory in the diplomatic relationship between Riyadh and Tehran carries the potential to contribute to the stabilisation of the Middle East region. Over the past years, both countries have been involved in conflicts in countries like Yemen, Syria, and Lebanon.

Iranian Foreign Minister Amir-Abdollahian, in his meeting with Hezbollah Secretary General Sayyed Hassan Nasrallah in Beirut, highlighted the constructive nature of recent negotiations with Riyadh. He emphasised that implementing existing agreements would serve as a benchmark for the approaches of both nations in this new chapter of their relationship.

Hezbollah Secretary-General Hassan Nasrallah has accused several times Saudi Arabia of exporting ISIL (ISIS) ideology in Iraq and Syria. In return, in 2016, the GCC designated Hezbollah as a terrorist group. Syria's return to the Arab League and normalisation between Saudi Arabia and both Iran and Syria, might further serve this new balance in the Middle East.

This cooperation between Iran and Saudi Arabia holds strategic significance in the areas of security, trade, and religious tourism. Additionally, both countries are members of OPEC, and Saudi Arabia, as a major player in the cartel, has witnessed growing values of crude oil exports from Iran.

Conclusion

The appointment of ambassadors to Tehran and Riyadh by Iran and Saudi Arabia signifies a positive trend in the ongoing diplomatic rapprochement between the two nations. This development holds the promise of fostering mutual trust, good neighborliness, and constructive dialogue, in alignment with Saudi Vision 2030 and the Iranian regional policy under President Raisi.

Saudi Vision 2030, aimed at regional stabilisation, has faced challenges in attracting foreign investments due to security concerns in the Middle East and the Gulf region. In contrast, under President Raisi, Iran has pursued a policy of good neighborliness, seeking de-escalation with Eurasian actors and promoting a dense network of trade and exchange. Tehran's ultimate goal is to alleviate the pressure of sanctions, reduce internal security risks, and emerge from the international isolation imposed by the West.

The normalisation of relations between these key Middle Eastern powers has the potential to contribute significantly to regional stability, affecting areas such as Yemen, Syria, and Lebanon, while also enhancing cooperation in security, trade, and energy.

This new reality will involve also Eurasian key players interested in developing regional trade and transit and transport corridors, as Iran has the geographical potential to become a vital regional hub. As both countries work to overcome their historical differences, their growing relationship will be closely monitored for its impact on the broader geopolitical landscape of the Middle East.

Iran Opens the Country to Italian Companies: Why Does It Matter?



Figure 3 The Ambassador of the Islamic Republic of Iran, H.E. Mohammad Reza Sabouri. Credits: SpecialEurasia

September 11, 2023

The recent meeting between the Iranian ambassador in Rome and the managers of selected Italian companies underscores a significant potential for economic cooperation between the two parties. Tehran's keen interest in attracting foreign investors and companies, particularly those from Italy, is palpable.

This development signals a notable shift in Iran's foreign policy approach, reflecting a strategic effort to bolster its economic standing on the global stage. The Iranian leadership seems poised to tap into the expertise and resources that Italian companies can bring to key sectors of their economy.

This emerging dialogue could mark the beginning of a mutually beneficial partnership, offering substantial opportunities for both Iran and Italy to enhance their economic interests and forge stronger diplomatic ties.

Iranian Ambassador's Meeting with Italian Companies

On September 6th, 2023, the Ambassador of the Islamic Republic of Iran in Rome, Mohammad-Reza Sabouri, met at his residence representatives of several Italian companies active in the hygiene and pharmaceutical, agricultural and food, mining, petrochemical, road construction and infrastructure industries.

During the meeting, the parties discussed problems relating to cooperation between the two countries and opportunities for Italian companies in the Iranian market.

Sabouri highlighted the potential for closer collaboration between Italy and Iran. He emphasised the most promising sector where Italian companies might invest or find a local partner for joint cooperation: energy, agriculture, tourism, as well as the hygiene and pharmaceutical industries.

Italian entrepreneurs have repeatedly shown interest in the huge unexplored Iranian market and its investment opportunities. The Iranian diplomat has demonstrated a very pragmatic approach in expressing his willingness to facilitate cooperation between Iranian and Italian companies compatibly with the limits imposed by the sanctions.

On the other hand, Italian managers accentuated Iran is a large and dynamic market that can provide various opportunities for foreign companies. Therefore, they are interested in cooperating with Tehran in various fields, hoping that they will be able to expand cooperation soon.

It should be recalled that, previously, during SpecialEurasia meeting with Sabouri, the Iranian diplomat underlined that Rome and Tehran have common interests and face common threats. Therefore, he believed that this condition might represent a good motivation for Rome to be more involved in collaborative projects with Tehran.

Since in foreign policy the Islamic Republic of Iran has an approach based on dialogue and constructive interaction based on mutual respect, Sabouri underlined the possible role that Italy or other countries might have to help Tehran achieve this goal.

The Iranian Market's Possibilities in the Eurasian Geopolitical Chessboard

Despite the difficulties linked to the sanctions imposed by the West, the Iranian market has increasingly become an attractive pole for transit and transport corridors and investments from Eurasian countries.

From Central Asia to the Caucasus to India, all key players in the region are looking with interest in Iran and its strategic position. In addition, the Islamic Republic of Iran is rich in natural resources, not least gas, which could contribute importantly to Europe's energy needs.

Its long coast on the Persian Gulf and the various ports located in the area allow the transport of goods and hydrocarbons also along maritime corridors, as the country has direct access to international waters.

To foster a profitable investment climate for international players, Iran has created several special economic zones and free trade-industrial zones and Tehran joined international organisations such as the Shanghai Cooperation Organization (SCO) and the BRICS which should make it easier for the Islamic Republic to establish trade despite its exclusion from the SWIFT circuit.

Besides attracting investments in the Iranian industry, the country aims to establish itself as a destination for international tourism. With its approximately 1,650,000 square kilometres (over five times the size of Italy), Iran offers an incredible variety of landscapes and climates that could also attract European tourists and contribute to the rebirth of an economy under the pressure of Western sanctions in the last four decades.

In recent years, in fact, the Middle Eastern nation has promoted, in parallel with its geopolitical strategy, a cultural diplomacy that aims to raise awareness of the country's millenary heritage, from ancient Persia to today's Islamic Republic, passing through food and artistic expressions.

Among the strategic sectors of the Iranian economy there is also the agriculture, with excellent products such as pistachios which could represent an interesting item of Iranian exports to foreign markets.

Conclusion

The meeting between the Iranian ambassador and the Italian companies serves as a compelling testament to Italy's potential as a pivotal Western nation poised for robust engagement with Iran on the economic, commercial, and cultural fronts within the European landscape.

While sanctions may cast a shadow over the trajectory of Rome-Tehran relations, it is imperative to recognise that Iran has consistently expressed its earnest desire to foster closer ties with Italy. This eagerness is evident in the realm of trade exchanges and investment opportunities.

Italy, situated at the crossroads of Europe and in the middle of the Mediterranean Sea, might be a strategic partner for Iran in the Western context. The purpose of the meeting was to evaluate the best practices for enhancing cooperation between Iranian and Italian companies during a period marked by a changing multipolar world.

By actively meeting Italian enterprises and investors, Iran shows a pragmatic understanding of the transformative potential that such partnerships can yield.

China and Iran Explore New Cooperation Opportunities in Tourism and Free Economic Zones

September 13, 2023

The collaborative efforts in the tourism sector and Chinese investments in Iranian free economic zones and infrastructure are fortifying the economic ties between Beijing and Tehran. This alliance offers Iran an opportunity to enhance its export capabilities and offset the adverse effects of Western sanctions on its economy. However, it is crucial for Tehran to exercise prudent regulation and oversight to prevent undue acquisition of strategic assets by Chinese investors, thereby ensuring the integrity of its market.

In 2021, Iran and China signed a 25-year strategic partnership following the path of other key players in the Persian Gulf. Tehran and Beijing are part of two important international alliances, the BRICS and the Shanghai Cooperation Organisation (SCO) and have worked together to stabilise the Middle East by reviving relations between Iran and Saudi Arabia.

While the Iranian oil industry is heavily attractive for Beijing, given its domestic energy dependency on foreign supplies, thanks to its historical cities and its free economic zones, Iran might benefit from this cooperation to achieve two fundamental goals: pushing tourism and attract foreign investments.

Iran is increasing its presence in Chinese regional projects, such as the ones connected to the Belt and Road Initiative (BRI) or investments forums.

Chinese Interests in Iran Tourism and Free Economic Zones: Background Information

In September 2023, the Chinese city of Jingdezhen launched the opening ceremony of the International Tourism Alliance of Silk Road Cities. 58 cities from 26 countries have already become part of the alliance. Partners plan to improve collaboration in tourism, technology, education, and sports, as announced during the forum.

According to Lu Yingchuan, vice minister of culture and tourism, the formation of this alliance shows China's dedication to the BRI. The inclusion of the Iranian city of Semnan as a founding member within the alliance represents a strategic achievement for Iran's goal to enlarge its tourism. It signifies a remarkable opportunity for both economic transformation and the enhancement of global trade relations, all of which are poised to

significantly benefit the city of Semnan and the around 40 Iranian cities located on the Silk Road.

In the economic field, China is benefitting from Iran's Free Economic Zones. On September 8th, 2023, the China International Fair for Investment & Trade (CIFIT) 2023 event, an annual event approved by the State Council of the People's Republic of China, kicked off in Xiamen.

This year's focus was "Introducing FDI" and "Going Global". CIFIT focuses on nationality and internationality, investment negotiation and investment policy promotion, coordinated development of national and regional economy, as well as economic and trade exchanges.

At the exhibition, Tehran showcased investment opportunities for investors, business owners, and visitors. Iran's pavilion focuses on investment packages and platforms of 7 free zones: Anzali, Aras, Mako, Arvand, Chabahar, Qeshm and Kish.

Iran's choice to focus on free economic zones is a multifaceted strategy aimed at diversifying its economy, attracting foreign investment, creating jobs, expanding trade, and positioning itself as a more attractive destination for global business.

It should be mentioned that the Iranian presence in China's international exhibition was discussed during a business meeting where Chinese investors briefed about Qeshm free zone business opportunities.

At the end of August 2023, Hojjatollah Abdolmaleki, Secretary of the Iranian Supreme Council of Free Trade-Industrial and Special Economic Zones, announced that 850 packages worth about 15 billion euros for investment in the country's free zones were ready to be presented to the investors in target countries, such as Armenia, Iraq and China. Significantly, the growth of investment-making has doubled in the state's free trade and special economic zones under the current government.

Conclusion

In March 2021, Iran and China signed a 25-year strategic partnership to deepen economic and security ties. Although the agreement text was not unveiled, it is possible to see increasing fields of cooperation between Beijing and Tehran.

As SpecialEurasia previously reported, the opening of China's first consulate in Bandar Abbas shows the Chinese interest in investing in Iran's connectivity. Indeed, Beijing aims

to establish several Chinese companies in the Makran region and connect Iranian ports to its BRI.

Attracting foreign investment is crucial for Iran from a strategic point of view for several reasons:

- **Economic Growth and Diversification:** Foreign investment can inject capital into Iran's economy, promoting economic growth and diversification. This is especially important for Iran, which has historically relied heavily on its oil sector now under sanctions. Diversifying the economy through foreign investment can reduce the sanctions' impact on the national economy and, in the future, its vulnerability to fluctuations in global oil prices.
- **Technology Transfer:** Foreign investors often bring advanced technologies, management practices, and expertise into the host country. This can enhance Iran's industrial capabilities, productivity, and competitiveness in global markets.
- **Job Creation:** External financial funds can lead to the creation of jobs for the local population. This is vital for Iran, as it has a large, youthful workforce that needs employment opportunities. Job creation can also help address social and political stability issues.
- **Infrastructure Development:** Foreign financing can contribute to the development of infrastructure, including roads, ports, and energy facilities. This not only benefits the foreign investors but also improves the overall business environment in Iran.
- **Access to Global Markets:** Iranian businesses can access to global markets through export opportunities and connections with international supply chains. This can stimulate domestic industries and boost exports, reducing Iran's economic dependence on a limited range of products.
- **Foreign Exchange Reserves:** Foreign direct investment (FDI) can bolster Iran's foreign exchange reserves, which are essential for stabilising the currency, managing external debt, and ensuring economic stability.
- **Improved Relations:** Engaging with international investors fosters diplomatic ties, trade relationships, and collaboration in various fields, potentially reducing geopolitical tensions and sanctions.
- **Reducing Dependency on Government Resources:** Iran has a history of relying heavily on government resources to fund development projects. Attracting economic

interests from abroad can reduce this dependency, freeing up government funds for other critical initiatives like healthcare and education.

- **Long-Term Stability:** A diverse and robust economy, supported by foreign investment, is more likely to withstand economic shocks and crises. This can contribute to long-term stability and prosperity in Iran.

While pursuing foreign investment, Iran must do so with careful consideration and strategic foresight. It is imperative that the influx of foreign capital aligns with Iran's long-term strategic objectives and safeguards its national interests.

This necessitates a meticulous approach in negotiating terms and conditions with potential investors, ensuring that investments are directed towards sectors that align with Iran's economic diversification and technological advancement goals.

Additionally, robust regulatory frameworks must be established to monitor and govern foreign investment activities, preventing any undue influence or control that may compromise national sovereignty. Balancing reaping the benefits of foreign investment and safeguarding vital sectors of the economy from overreliance or foreign domination is paramount.

In addition, it is imperative to maintain public trust and ensure equitable distribution of benefits across society by upholding transparency and accountability in the investment process.

By exercising farsightedness and vigilance in managing foreign investment, Iran can harness its potential to drive economic growth while safeguarding its strategic interests and national autonomy.

SEZs might booster Iranian Khorasan trade with Afghanistan

September 15, 2023

The strategic positioning of the Khorasan region is pivotal for the facilitation of trade and cultural interchange with adjacent nations. In this regard, implementing Special Economic Zones (SEZs) might strengthen the relations between Afghanistan and Iran.

If, on the one hand, there are opportunities which might increase trade and cooperation between Iranian and Afghan companies, on the other hand, the Taliban's rule in Kabul and logistical obstacles present significant challenges that necessitate a nuanced approach.

This report aims to investigate Khorasan's strategic location since the region shares borders with Afghanistan and Central Asia, making it a vital gateway for trade and cultural exchange between Iran and its neighbours.

This study will assess the potentialities of the region, especially after Tehran established SEZs, as well as challenges for a further improvement of trade and business cooperation between the Islamic Republic of Iran and the Islamic Emirate of Afghanistan.

Iran Free Economic Zones and Tehran-Kabul's Trade Opportunities:

Background Information

South Khorasan has 1.700 industrial units and is known for its agricultural and mining activities. The province is a major producer of saffron, pistachios, and other agricultural products. It also has significant mineral resources, including copper and precious stones. The capital, Birjand, has historically been part of the Silk Road.

Afghanistan sources over 92% of its imports from neighbouring countries, and Iran has become its primary trading partner.

On September 11th, 2023, Iran's trade advisor in Afghanistan reported that the current import portfolio, valued at approximately 6 million dollars, predominantly encompasses items related to food and agricultural processing industries, various fuels (including diesel, gasoline, liquefied gas, and hydrocarbons), essential commodities such as flour, wheat, sugar, edible oil, plastic products, confectioneries (sweets and chocolate), tomato paste, eggs, vegetables, citrus fruits, ceramic tiles, pharmaceuticals, medical equipment, valves, construction pipes, fittings, and building materials like cement and iron.

The Iranian representative underscores that Kabul's primary focus is on importing essential goods necessary for the well-being of its population. This emphasis presents a significant opportunity for the three Khorasan provinces (South Khorasan, Razavi Khorasan, and North Khorasan) to augment their exports to Afghanistan.

This strategic trade relationship not only highlights Iran's role as a crucial supplier of vital goods to Afghanistan, but also underscores the potential for economic cooperation and growth, particularly in cross-border trade and regional economic dynamics.

In August 2021, the Taliban assumed control of Afghanistan, resulting in the country's continued international isolation. Despite these challenges, noteworthy progress has been made in several key areas, notably in enhancing security, promoting transparency, and establishing fixed tariff rates to facilitate trade between Iran and Afghanistan.

The Iranian Ministry of Commerce has reported a notable uptick in exports under the Islamic Emirate's administration. Specifically, Iran routes over 45 per cent of Afghanistan's transit trade, with the Dugharun border in Razavi Khorasan and Mahirud border in South Khorasan playing pivotal roles.

Additionally, there is a growing emphasis on leveraging the potential of the Chabahar Free Zone, which is exempt from international sanctions and attracts numerous investors, thereby bolstering trade interactions between Iran and Afghanistan.

An important development is the recent approval of the Dogharoun Free Trade Zone in the Islamic Consultative Assembly in August 2023. This approval is expected to have a positive impact on strengthening future trade relations between the two countries.

Moreover, Tehran is actively pursuing the establishment of a joint trade zone between Iran and Afghanistan. It's worth noting that the commercial centre of Iran in Kabul has been somewhat overlooked in recent times. Nevertheless, expectations are high that the three eastern provinces of Iran will establish large export holdings in this centre.

Iranian Khorasan: a Geopolitical Scenario

Khorasan boasts a rich historical and cultural legacy, featuring many archaeological sites and monuments, notably the ancient centre of Nishapur, which flourished during the Islamic Golden Age and serves as the final resting place for renowned Persian poets Omar Khayyam and Attar.

Khorasan's historical sites, natural beauty, and cultural attractions, including the extreme Lut Desert, draw global tourists, while its cultural diversity with Persians, Baluchis, and Afghan refugees enriches the region, and its religious significance is exemplified by Mashhad's Imam Reza Shrine, a major Shia pilgrimage site.

The vast Khorasan province sits on massive God-given reserves like iron ore mines, natural gas and coal. Aligned with Iran's economic policy aiming for industrial self-sufficiency and reducing dependence on crucial imports, Khorasan hosts key industries, such as the Khorasan Steel Complex (KSC).

The province is also known for its agricultural industry: key agricultural products from the Iranian Khorasan include saffron, pistachios, and various cereals like wheat and barley. Considering its extensive experience in the agricultural domain, Iran is contemplating providing assistance to Afghanistan in the development of this sector, which remained underdeveloped.

80 per cent of employment relies on agriculture, and over 40 per cent of total Afghan exports are agricultural. In this light, the Iranian trade advisor in Afghanistan emphasised the need for South Khorasan, Razavi, and North Khorasan provinces to impart modern irrigation and mechanisation techniques to Afghan farmers through workshops and exhibitions. Iran might also provide electricity to develop Afghan rural areas, as Khorasan can provide renewable energy.

Still, there are some issues which need to be addressed, like the lack of joint companies in the field of logistics and road transportation between the two countries.

Given Khorasan's proximity to Afghanistan, this region is important for Iran's border security efforts. It plays a role in controlling the movement of goods and people across these borders and addressing security challenges, especially considering regional instability

The presence of various ethnic groups in the region, such as Baluchis and Afghan refugees, brings moreover challenges related to cultural diversity and integration, as well as the provision of services to these communities. Another threat to the region is, particularly in the eastern areas, it being susceptible to desertification and water scarcity, which can affect agriculture and livelihoods.

From an economic standpoint, the region possesses abundant resources, encompassing minerals and agricultural products, yet it confronts challenges in effectively harnessing these resources to foster economic growth.

Addressing this necessitates substantial investments in infrastructure development, which can unlock the full economic potential of the region. In this context, the recently established SEZs present a promising avenue for investment, facilitating the development of collaborative projects.

Conclusion

Focusing on the relationship with Afghanistan, it is evident that one of the foremost challenges confronting Iran is the question of the legitimacy of Taliban rule. This issue is intertwined with the broader context of the instability prevailing within the Islamic Emirate and the territorial control exerted by the Taliban in areas proximate to the Iran-Afghanistan border.

Such circumstances introduce a series of security challenges, notably the potential for cross-border militancy, drug trafficking, and assorted security threats. Notably, Afghanistan stands as a significant producer of opium and illicit narcotics, and the Taliban's administration over regions associated with drug production can exacerbate the prevailing narcotics trade.

Further compounding the complexity of Iran's relations with the Taliban are ideological disparities, particularly regarding matters pertaining to women's rights and religious interpretations. Iran has articulated its concerns regarding the welfare and rights of Afghan women and minority communities under Taliban rule.

The reintegration of Afghan refugees into their homeland and the looming prospect of an influx of new refugees due to the deteriorating security situation represent additional areas of apprehension for Tehran. These challenges entail substantial demands on Iran's resources and infrastructure. Furthermore, Tehran recognises that disruptions in trade routes and economic ties with Afghanistan, particularly in the event of sanctions, can have adverse implications for its own economy, exemplified by the prior impact on the Chabahar port project.

The multifaceted nature of these challenges necessitates that Iran adopts a pragmatic approach to its dealings with the Taliban while simultaneously weighing its interests and relationships with other Afghan factions.

Iran's historical, cultural, and ethnic affinities with specific Afghan groups, such as the Hazaras, add a layer of significance to the Taliban's treatment of these groups and its potential repercussions for Iran's relations with the Islamic Emirate.

Effectively navigating these intricate dynamics demands a nuanced strategy from Iran, encompassing diplomatic initiatives, astute border management, and humanitarian endeavours. Tehran may opt to engage constructively with the Taliban while vigilantly safeguarding its interests and regional stability.

Over the years, Tehran has consistently extended humanitarian assistance to Afghanistan, with a dual aim of regional stabilisation and averting mass migrations toward the Islamic Republic of Iran. It is undeniable that the evolving circumstances in Afghanistan will continue to exert a profound influence on the multifaceted tapestry of Iran-Afghanistan relations.

The Islamic State Threatened the Shi'a Community in the Islamic Republic of Iran

September 26, 2023

The recent arrest of individuals implicated in orchestrating a series of violent assaults within the borders of the Islamic Republic of Iran underscores the profound and persistent terrorist menace facing the national Shi'a community.

This threat, predominantly emanating from the Islamic State, has showed a consistent pattern of aggression, particularly targeting the Shi'a community across the Middle East and Afghanistan.

The apprehension of these alleged perpetrators serves as a stark reminder of the critical imperative to maintain vigilant security measures and robust counterterrorism efforts within the region. It further underscores the necessity for collaborative regional initiatives and international cooperation aimed at mitigating the potential repercussions of such acts of terror, not only within Iran but across the broader geopolitical landscape.

Terrorists' Arrest in Iran: Background Information

The Islamic Republic of Iran finds itself once again subjected to a direct assault on its core. The Iranian government reported that national security forces thwarted a meticulously planned attack involving 30 simultaneous explosions in Tehran.

While the exact perpetrators remain unconfirmed, preliminary data released by the Iranian Ministry of Intelligence points to the involvement of the Islamic State in this plot. The overarching aim of these attacks bears resemblance to prior incidents in various European cities, aiming to instigate widespread panic within densely populated urban centres.

The Iranian Ministry of Intelligence underscores that these explosions aimed at undermining the nation's security apparatus, fostering an image of instability, instilling societal despair and fear, and fomenting chaos and protests on the anniversary of last year's uprisings.

The disclosed documentation alludes to the technically sophisticated nature of the operation, bearing hallmark characteristics akin to Israel's established modus operandi.

This accusation is framed within a larger investigation, alleging that foreign agents are exploiting authentic grievances of specific domestic protests to incite a regime change in Tehran.

Intelligence operations culminated in the arrest of 28 individuals spanning Tehran, Alborz, and the provinces of West Azerbaijan. Based on Iranian official reports, these detainees display clear connections to both the Islamic State and radical groups functioning in Syria, Afghanistan, Pakistan, and the Kurdish region of Iraq. The Islamic Republic categorises such combatants as apostates or infidels.

Furthermore, Iranian authorities reported that by analysing video testimonies they discovered that the terrorists owned Western-manufactured weaponry, most notably of US origin. According to the Iranian point of view, this revelation casts a sobering light on the intricate web of international entanglements underlying the geopolitical landscape in which Iran finds itself embroiled.

Iranian Security Situation, Terrorist Threat and the Shi'a community

In recent years, Iran has repeatedly been a target of terrorist groups, with a notable increase in attacks, particularly since the emergence of the Islamic State, which frequently directed its violence towards the Shi'a community, particularly after the group seized control of Mosul in 2014.

Despite a notable reduction in Islamic State activities after the fall of the group's stronghold in Mosul and Raqqa and the elimination of several leaders, pockets of insurgency persist across the Middle East, causing the Islamic Republic's perpetual state of vigilance and comprehensive internal security measures.

Looking at the security situation in Iran, it is noteworthy to mention that in August 2023, Yadollah Bouali, the commander of the provincial Iranian Revolutionary Guard Corps (IRGC), communicated to state media that an assailant penetrated the Shah Cheragh shrine via its southern entrance to conduct a terrorist attack, which caused the death of one person.

Shiraz witnessed also another attack in October 2022, when an assailant, entering the Shah Cheragh shrine, set it ablaze, claiming the lives of thirteen individuals while inflicting injuries upon forty others. The Islamic State asserted responsibility for this terrorist act,

deliberately targeting a site of profound symbolic significance for the Shi'a community and the Iranian population.

The Shah Cheragh Mausoleum enshrines the remains of the brothers Ahmad and Muhammad, progeny of the Shiite Imam Musa al-Kazim, who sought sanctuary in Shiraz during the Abbasid persecution of Shiite Muslims. These attacks remain emblematic of the Islamic State's persisting campaign against the Shi'a community that makes up a minority within the broader Islamic umma (community), set against the backdrop of Iran's formal establishment of Shi'a Islam as the state religion.

Conclusion

Iran's geopolitical significance in the Middle East is underscored by its strategic positioning, allowing Tehran to exert influence over neighbouring countries, focusing notably on Iraq. The ascension of the Islamic State since 2014 has presented a profound challenge to regional stability, as it established a caliphate and directly menaced nearby states.

While concerted efforts have substantially weakened the Islamic State by neutralising its leadership and reclaiming territory, the group endures as a persistent threat in the Middle East.

This threat is further exacerbated by the consequential developments following the US troop's withdrawal from Afghanistan in August 2021, which not only facilitated the resurgence of the Taliban but also emboldened the activities of the Islamic State in the region.

Given the proximity of Afghan and Iraqi territories to the Islamic Republic of Iran, Tehran finds itself compelled to heighten territorial control to safeguard the Shi'a community from potential violent attacks.

The developing regional dynamics necessitate a nuanced approach from Tehran. As the aftershocks of geopolitical shifts reverberate across the Middle East, Iran's foreign policy must adapt to mitigate emerging threats.

Strengthening internal security measures becomes essential, reflecting a broader imperative for Tehran to uphold regional stability. This strategic recalibration is pivotal in safeguarding not only Iran's national interests but also in fostering a climate of security

for its neighbouring states, particularly Iraq and Afghanistan, which have been susceptible to the Islamic State's malevolent influence.

Moreover, the situation underscores the interconnectedness of regional security concerns. Iran's proactive stance in bolstering control over its national territory is intertwined with broader efforts to suppress terrorist threats that have emanated from the wider Middle East.

The necessity for Tehran to prioritise the protection of its Shi'a community against potential acts of violence is emblematic of a broader commitment to religious and national security imperatives and reflects Iranian domestic and foreign policies.

Examining The Relations Between Iran and Azerbaijan. Is There a Possibility of War Between Two Countries?¹

September 28, 2023

The recent Azerbaijani military offensive against Nagorno-Karabakh, culminating in the capitulation of Stepanakert, coupled with the subsequent meeting between Azerbaijan President Ilham Aliyev and Turkish President Recep Tayyip Erdogan in Nakhchivan, has engendered heightened concerns within the international community, notably within Iran.

The perceived threat of a potential military escalation in the Armenian Syunik Province, next to the Islamic Republic, has accentuated the need for a comprehensive inquiry into the historical, sociocultural, and political dynamics underpinning the relationship between Iran and Azerbaijan.

This report endeavors to undertake a meticulous examination of these facets with the purpose of ascertaining the likelihood and circumstances under which Baku and Tehran might find themselves in a collision course, potentially leading to a confrontational scenario in the future.

Azerbaijan-Iran Relations Between Tensions and Geopolitical Dynamics

Azerbaijan was under the control of the Persian Empire until 1828, and then it was handed over to Tsarist Russia thanks to the treaties of Turkmenchay and Golestan. Relations between Iran and Azerbaijan have always been tense after the start of the first Nagorno-Karabakh Conflict (1992-1994)

Tensions between Tehran and Baku reached their peak after the attack on the Embassy of the Republic of Azerbaijan in Tehran on January 27th, 2023. Azerbaijani President Ilham Aliyev described what happened to his country's embassy in Tehran as a pre-planned 'terrorist attack', prompting Baku to close its embassy in Tehran.

Condemning the armed attack on the entrance of the Azerbaijani embassy in Tehran, Iran announced the arrest of the assailant and the investigation of various aspects of this incident, which found that this attack had family and personal motives.

¹ External contribution to Persian Files. Author: Amir Mojtahedi

Today, frictions between the two countries are so high that Iran and Azerbaijan now accuse each other of planning an attack on their respective soil. Azerbaijan's security services arrested 19 people who, according to Baku's official statement, Tehran sent to destabilise the Azerbaijani national security.

Likewise, after the attack on a Shiite shrine in Shiraz on October 26th, 2022, Iran's intelligence services clearly accused Baku of being behind the operation in cooperation with the Islamic State jihadist cells based in Afghanistan. While it is difficult to assess the veracity of these accusations, they illustrate a willingness on both sides to shift responsibility for escalating diplomatic tensions to the other.

At the same time, experts also mentioned deeper reasons for the deterioration of the situation. Baku was not satisfied with Iran's position regarding the Zangezor Corridor (a direct road from Azerbaijan to the Nakhchivan region and then to Turkey).

According to the plans of Baku and Ankara, this route should pass through the Armenia Syunik region and concurrently have an extraterritorial status, i.e. leave Yerevan's jurisdiction. Tehran believes that this project threatens Iran's relationship with Armenia and also the entire Eurasian Union. In addition, the construction of this route will lead to the strengthening of Turkey's role in the region and contrast with the Islamic Republic's firm strategy against changing the historical regional borders.

In this context, it is also important to examine the issue related to oil export pipeline. Iran considers the recent developments in the Baku-Tbilisi-Ceyhan pipeline region as a threat and, therefore, Tehran has presented several alternative proposals to avoid this infrastructure and allow exports through the Persian Gulf.

Undeniably, the Iranian government has attempted to improve its precarious position in the Caspian region by proposing the construction of the main export pipeline through its territory, transferring Caspian oil to the Persian Gulf and taking control of the Caspian Sea, including Azerbaijan's oil exports.

If Iran-US relations improve, drastic changes may occur in the process of Caspian oil development and, as US Senator Sam Brownback recently noted, "South Caucasus will lose its opportunity to flourish as an oil producer and as a pivotal transit point from east to west."

Another controversial issue is Azerbaijan's close relations with Israel. Baku sells oil and oil products to the Jewish state and buys high-tech weapons, attack and reconnaissance drones, and high-precision navigation and optical systems.

Tehran interprets this activity as hostile. Considering that Azerbaijan is an Iran's neighbour by land and the Caspian Sea, Israeli special operations forces might exploit the South Caucasus, especially the Azerbaijani territory, as an ideal springboard for attacking the Islamic Republic.

Israel is the main factor in the escalation of relations between the two Muslim neighbours since Tel Aviv is trying to penetrate the region to damage the historical relations that bind their countries together in this region.

Tehran-Baku's Cooperation and Opportunities

Despite the tense situation between Tehran and Baku, discussing the war between these two countries can be pessimistic because many reasons might prove the contrary. The two countries do not share only 618 kilometres of border, but they are both members of Muslim and regional organisations such as the Organisation of the Islamic Conference and the Economic Cooperation Organisation (ECO), factors which show their solidarity geographically and religiously.

In addition, Deep historical, cultural, religious and ethnolinguistic ties have led to the formation of extensive relations between the two countries. They also have profound and close commonalities based on Islam and Shiism, as well as common Persian culture and language.

Iran and Azerbaijan have the largest percentage of Shia population in the world. While most of the population of the Middle East region is mainly Sunni, Shiism finds its root in the history of both countries from the very beginning.

All this has provided the ground for the closeness of the citizens of the regions on both sides of the border. Also, the recent increase of Iranian tourists in Azerbaijan confirms the possibility that the two countries will develop bilateral sociocultural relations.

Furthermore, Tehran and Baku have close economic relations. At the end of 2022, the volume of business transactions reached \$688 million, which was 13% more than the previous year. Iran exports chemical products, construction materials and agricultural products to Azerbaijan, and buys equipment, food and clothing.

Iran is the eighth largest exporter to the Republic of Azerbaijan, and Azerbaijan accounted for 19% of Iran's total trade with the Caspian Sea countries in the first 9 months of 2022 (March to December). The volume of business is also increasing.

Analysing the transit roads and transportation, Iran is the only Azerbaijan's direct and low-cost transit route to reach the Persian Gulf, the Oman Sea, the Arab world, and Pakistan, which has a close and strategic partnership with Baku.

At the same time, Azerbaijan is also a key part of the International North-South Transport Corridor (INSTC), which is Iran's main transit and trade route with the heavily populated western regions of Russia, Georgia and Belarus. Astara border crossing is the major transit route between Iran, Azerbaijan and Russia. On average, a truck crosses the Astara border every seven minutes.

The Azerbaijan-Iran transit route has recently become more important because of the Ukraine war, extensive Western sanctions against Russia, and the preferential trade agreement between Iran and the Eurasian Economic Union (EAEU), which is being upgraded to a free trade agreement.

Another factor is the relations between Tehran and Baku with Armenia and Israel. Both Azerbaijan and Iran are concerned that deteriorating relations could prompt the other to seek closer engagement with their respective rivals in Yerevan and Tel Aviv.

Examples include the visit of Armenian Foreign Minister Ararat Mirzoyan to Tehran in October 2021 and July 2023, during the period of heightened tensions between Iran and Azerbaijan, and recently, Baku's decision to approve the establishment of an embassy in Tel Aviv in March 2023.

Rising tensions seem to have acted as a catalyst for these decisions, clearly showing how Tehran and Baku are using the Armenia-Israel cards to balance threats and deterrence. In this scenario, Russia tries to play a balancing role in the relations between the two countries.

Considering the current situation because of the Ukraine conflict, Moscow perceives a conflict between Iran and Azerbaijan as more pressure on the Kremlin's blizhnee zarubezhe (near abroad).

Also, for the European Union, a clash between the countries will have a negative effect and should be avoided since Azerbaijan is Brussels's strategic partner in supporting EU Energy Security Strategy and natural gas imports' diversification.

Conclusion

Although Baku closed its embassy in Tehran, leaders from Iran and Azerbaijan maintain consistent communication to normalise bilateral relations. This ongoing diplomatic engagement serves as a mitigating factor against potential escalations that could lead to a regional conflict.

Various international stakeholders possess vested interests in averting a military confrontation between Baku and Tehran, underscoring the broader implications of stability in the region.

Amidst the threats that loom, there are promising avenues for collaboration in areas such as culture, religion, and tourism, which hold the potential to foster improved relations between Iran and Azerbaijan.

Against this backdrop, vigilant monitoring of developments in the Armenian Syunik Region and the evolving dynamics of Turkish-Azerbaijani cooperation in defence and regional policy within the Caucasus is imperative, given their potential to catalyse situations that may draw Iran into the fold.

Despite the fact that the relations between Iran and Azerbaijan have been derailed for some time, the possibility of a war between the two countries is quite pessimistic. The two countries have many cultural and economic commonalities and it seems unlikely that they will sacrifice it for political interests.

Despite the closure of the Embassy of the Republic of Azerbaijan in Tehran, diplomatic channels through the Consulate of the Republic of Azerbaijan in Tabriz, the Embassy of Iran in Baku and the Consulate of the Republic of Azerbaijan in Nakhchivan are still open. Also, Tehran has clearly stated that they are not interested in confronting Baku. Nevertheless, it is still too early to talk about the prospect of a complete elimination of tension between countries.

The most important demand of Tehran from Baku is that Israel should not use the territory of Azerbaijan against Iran. Tehran has warned that it cannot ignore what it considers a security threat caused by the growing relations between Azerbaijan and Israel

Baku should try to convince its southern neighbour that its relations with Tel Aviv are similar to those with Ankara and do not pose a threat to Tehran. The tensions between the parties can only be resolved through negotiations at the highest level.

In recent weeks, face-to-face contacts between Azerbaijan and Iran have recently increased, the parties are discussing political and economic issues. Recently, Baku and Tehran agreed to accelerate the implementation of joint transportation projects.

On the other hand, Turkey and Russia, which have become increasingly close to Iran after the Ukraine war, can act as mediators. Just like China, which played an active role near Iran and Saudi Arabia, now Russia and Turkey can play the same role near Iran and the Republic of Azerbaijan.

Strategic Significance of the new Azerbaijan-Iran Railway Project: Shaping South Caucasus Geopolitics

October 9, 2023

Azerbaijan-Iran recent bilateral agreement to initiate a collaborative rail project signifies a pivotal development in the geopolitical landscape of the South Caucasus. This strategic infrastructure venture holds the potential to bring about a measure of stability to the region.

By circumventing the contentious Syunik region in Armenia, where Baku has expressed intentions to exploit the Zangezur Corridor, this joint rail project not only addresses critical economic interests but also serves as a tangible manifestation of political intent.

The diversion of transit away from the Syunik region alleviates a major point of tension, potentially mitigating friction and fostering a more conducive environment for diplomatic engagement. Consequently, this accord stands as a noteworthy milestone in reshaping regional dynamics, warranting keen observation and careful consideration in the broader context of South Caucasus affairs.

Azerbaijan-Iran Bilateral Agreement: Background Information

On October 6th, 2023, Azerbaijan's Deputy Prime Minister, Shahin Mustafayev, engaged in a significant meeting with Iran's Roads and Urban Development Minister, Mehrdad Bazrpash. The discourse between Mustafayev and Bazrpash centred on pressing matters within the bilateral framework, specifically pertaining to transport and communications, as well as the utilisation of energy and water resources shared between Azerbaijan and Iran, as conveyed by the Azerbaijani government.

During the meeting, both parties issued directives to their respective agencies, emphasising the expeditious completion of the Astara cargo terminal construction project. They underscored that this terminal holds strategic importance in facilitating regional trade and connectivity.

Moreover, the participants of the meeting underlined the paramount significance of hastening the progress of ongoing projects involving the construction of hydroelectric power plants, such as Khudaferin, Giz Galasi, and the Ordubad-Marazad. These projects help to enhance energy production and resource management in the region.

The formalisation of the meeting's outcome was achieved by signing several essential documents. Among them was a letter of intent, signifying a commitment to the construction of a new railway line and rail bridges, which will establish a vital link between the East Zangezur economic area and Azerbaijan's Nakhchivan Autonomous Republic, traversing Iranian territory. This development holds considerable promise for bolstering economic cooperation and trade between the involved regions.

Furthermore, the meeting led to an agreement reached by the co-chairs of the joint working group responsible for the construction of an automobile bridge on the border and a pedestrian passage across the Aras River at the Azerbaijani-Iranian border crossing points of Agbend in Azerbaijan and Kelale in Iran. These infrastructure projects are expected to facilitate smoother cross-border movement, fostering greater connectivity and cooperation between the two nations.

Azerbaijan-Iran New Joint Rail Project

In a strategic move, the governments of Azerbaijan and Iran have announced their intention to embark on a new joint project, which carries the potential to reshape the geopolitical dynamics in the Southern Caucasus. This initiative holds the promise of not only strengthening economic ties but also exerting a potential influence on the geopolitical balance in the region.

It builds upon their past collaboration, particularly their successful shared rail project, which has already enhanced trade and connectivity between the two nations. The partnership between Baku and Tehran, in fact, has seen a notable 44% increase in the exchange of goods through their joint railway at the Astara border crossing during the first half of the current Iranian calendar year, spanning from March 21 to September 22.

The joint rail project's success is further highlighted by the fact that over 98,000 tons of goods were exported from the Astara rail terminal in the first half of the current Persian calendar year. Additionally, approximately 128,000 tons of non-oil goods have been efficiently transited through this border point, showcasing the pivotal role played by the railway connection in facilitating bilateral trade.

The new project linking the East Zangezur economic area and Azerbaijan's Nakhchivan Autonomous Republic signifies their commitment to deepening economic integration and regional cooperation. This development merits close observation as it unfolds, as it may have broader implications for the region's dynamics and strategic alliances.

Baku's recent reclamation of control over the Nagorno-Karabakh region, achieved through a swift 24-hour military operation, led to a mass exodus of most of the territory's 120,000 ethnic Armenians to Armenia. This development has brought to the forefront several complex geopolitical issues in the South Caucasus region.

Azerbaijani President Ilham Aliyev emphasised that allegedly eight Azerbaijani villages would be still under 'Armenian occupation', underscoring the significance of liberating these areas. This assertion raises questions about Azerbaijan's territorial claims, particularly over Armenian territories that Baku considers historically Azerbaijani lands and casts a shadow over the delicate geopolitical landscape in the region. Furthermore, President Aliyev's criticism of the European Union and his warning regarding France's decision to provide military aid to Armenia highlight the potential for renewed conflict in the South Caucasus.

The joint project between Baku and Tehran holds broader implications, extending beyond economic advantages and regional connectivity. It signifies Iran's strategic efforts to safeguard its border with Armenia and prevent Azerbaijan from gaining control of the Syunik region through military means. In this context, the rail connection between the two nations not only fosters economic cooperation but also carries geopolitical significance by influencing the power dynamics and territorial considerations in the South Caucasus.

Azerbaijan and Iran have reached an agreement pertaining to the construction of a railway bridge alongside a road bridge. This construction activities for the Aghband Road Bridge spanning the Aras River officially started on October 7th, 2023. Border and customs infrastructure near the Aghband settlement within the Zangilan district will be established.

Functioning as a vital transit route, the Aras Corridor will evolve into the Azerbaijan-Iran-Nakhchivan Corridor, facilitating connectivity between the East Zangezur Region in Azerbaijan and the Nakhchivan Autonomous Republic via Iranian territory. The corridor spans from Aghband to Jolfa and encompasses a bridge measuring 220 meters in length and approximately 25 meters in width. The project is slated for completion and operational readiness within a year.

Upon the bridge's completion, the border checkpoint is expected to accommodate a daily influx of approximately 1,100 vehicles. This development heralds a significant advancement in regional connectivity and economic integration.

Conclusion

The Foreign Minister of Iran has emphasised the need for a fresh start in regional cooperation to promote peace and economic development in the Caucasus, following the Republic of Azerbaijan's recent reclamation of the Nagorno-Karabakh region. During a meeting in Tehran with the special representative of the Republic of Azerbaijan's president, Iranian Foreign Minister Hossein Amirabdollahian expressed Tehran's unwavering commitment to expanding its relations with Baku across various domains. He underscored the importance of establishing a balanced approach to bilateral relations, envisioning a new era of interaction. Amirabdollahian also emphasised the necessity of shifting from a language of tension and conflict to one of peace and security in the Nagorno-Karabakh region.

Iranian President Ebrahim Raisi, reiterating Iran's steadfast stance against any geopolitical alterations in the region, conveyed Tehran's willingness to actively contribute to the promotion of peace, stability, and resolving disputes within the Caucasus.

There is now considerable speculation regarding Azerbaijan's potential use of force to establish a corridor linking the Azerbaijani exclave of Nakhchivan with mainland Azerbaijan, passing through the southern Armenian province of Syunik. Armenia has expressed opposition to this plan, as Azerbaijan seeks control over it despite its passage through Armenian sovereign territory. Iran has lent support to Armenia's position, emphasising the importance of upholding the territorial integrity of nations.

Iran's strategic moves in the South Caucasus have demonstrated its commitment to safeguarding Armenian sovereign territory, focusing particularly on the Southern Syunik region. In October 2022, Iran established a consulate in Kapan, a development viewed as a clear signal to Azerbaijan regarding the potential threat of gaining control of Syunik through the use of force.

This proactive stance by Tehran was further underscored when it invited Yerevan to establish an Armenian consulate in the Northern Iranian region known as 'East Azerbaijan', predominantly inhabited by Turkish-speaking communities. This move not only highlighted Iran's intentions to support Armenia but also signalled a nuanced approach to regional diplomacy. On the other side of this complex equation, Azerbaijan's desire to establish a corridor connecting the Turkish bloc from Central Asia to Europe via

Turkey (Zangezur Corridor) remains pivotal, a strategic aim that aligns with the interests of NATO countries and underscores the multifaceted geopolitical dynamics in the region. The newly established rail connection between Azerbaijan and Iran assumes a position of profound strategic significance for several compelling reasons. Economically, it promises substantial benefits for both Tehran and Baku. Iran stands to gain by linking Azerbaijan to Turkey and Europe, thereby facilitating increased trade and investments in Iran. Meanwhile, Azerbaijan's access to this vital rail route reduces its need to assert control over the Syunik region, a concern that aligns with international efforts aimed at safeguarding Armenia.

For Iran, the border with Armenia holds immense importance, serving as a critical link to northern Eurasian regions and enabling trade within the framework of its agreement with the Eurasian Economic Union (EAEU). This railway connection further augments the volume of trade between Baku and Tehran, fostering economic cooperation.

With implementing this common infrastructure, Iran is poised to become an indispensable component of a regional network that spans from Central Asia to Europe. Concurrently, Turkey's endeavours to marginalise Tehran, driven by its recognition of Iran's strategic location as a potential transit and energy hub, have led to Ankara's concerted efforts to establish itself in this pivotal role.

By contributing to the establishment of peace and stability in the region, Iran not only secures its own interests but also plays a critical role in shaping the evolving geopolitical landscape of the South Caucasus.

Lastly, the joint railway project will form an integral component of the infrastructure network within the International North-South Transport Corridor (INSTC), connecting Russia and Iran through Azerbaijan.

This endeavour is poised to reinforce the Russia-Azerbaijan relationship that emerged in the aftermath of the recent Nagorno-Karabakh crisis, and this strengthening is expected to be even more pronounced in the wake of the Ukrainian crisis, which forced Moscow to pursue alternative routes.

On the other side, despite previous points of contention with Azerbaijan, particularly relating to ideological and secessionist matters, the expansion of joint projects between Baku and Tehran holds the potential to contribute to the stabilisation of diplomatic relations and help prevent diplomatic or military crises.

Armenia-Azerbaijan: Iran's Rising Mediation Role in the South Caucasus

October 24, 2023

The recent resurgence of geopolitical tensions in the South Caucasus, exemplified by the Azerbaijani attack on the autonomous Republic of Nagorno-Karabakh, has reignited discussions surrounding the mediation role played by global powers. Traditionally, this mediation has been predominantly shared between Russia, representing one side, and various European actors on the other.

However, a noteworthy transformation appears to be underway, with Iran increasingly emerging as a significant player in this arena. This shift in mediation dynamics points to an evolving geopolitical landscape in the region, driven by the complex interplay of regional and international interests, which this analysis will delve into.

The emerging alliances, changing power dynamics, and potential ramifications for the broader South Caucasus region will be the focal points of our examination.

Background information

On October 23rd, 2023, Iran played host to a significant diplomatic event involving the foreign ministers of Armenia, Azerbaijan, Turkey, Russia and Iran. This meeting took place approximately one month after Azerbaijan successfully gained control of the contested Nagorno-Karabakh/Artsakh region.

Notably, this event marked the second gathering of the 3+3 regional platform summit known as "Time for Peace, Cooperation, and Progress in the South Caucasus." The inaugural 3+3 meeting had transpired in Moscow in December 2021.

The meeting held particular significance as it marked the first direct encounter between Armenian Foreign Minister Ararat Mirzoyan and his Azerbaijani counterpart Jeyhun Bayramov, since Azerbaijan's swift military offensive resulted in the recapture of the disputed region. This military action had prompted the mass displacement of the majority of Nagorno-Karabakh's 120,000 ethnic Armenians.

In response, Yerevan accused Baku of conducting ethnic cleansing, whereas Azerbaijan asserted Armenians had left the region voluntarily and were welcome to return. It is important to note that the historical backdrop of two wars over the past three decades between Armenia and Azerbaijan, coupled with the inability to secure a lasting peace

agreement despite sustained international efforts by the United States, the European Union, and Russia, lent significant gravity to this meeting.

During the 3+3 format, Iranian Foreign Minister Amir-Abdollahian described the requirements for lasting peace, in whose absence a peace deal could be vulnerable. The main points he stressed were mutual respect of states to national sovereignty, political independence and territorial integrity of each other. In particular, he underlined that the path to peace is the way of dialogue and negotiation. Using force or the threat of force cannot lead to lasting peace, according to the diplomat.

Amir-Abdollahian outlined Iran's strategy to attain peace, stability, and promote the flourishing of the region, emphasising on the following points:

- Trans-regional mechanisms have hindered regional peace and interests for nearly three decades. It's time for regional governments to initiate a new experiment using their own capacities to promote the well-being of their populations and achieve peace.
- Establish road and rail transport networks in the Caucasian region, providing the groundwork for economic cooperation.
- Develop North-South and East-West transport corridors in the area.
- Creation of a comprehensive transportation roadmap benefiting all regional countries, with a proposed meeting of transport ministers. Iran is willing to host this meeting.
- The energy sector offers another opportunity for collaboration, including synchronising power grids and establishing transmission and energy supply networks among regional nations.
- Expanding regional cooperation to fields like customs and trade, agriculture, knowledge and technology, cultural exchanges, and people-to-people interactions can foster greater convergence and prosperity in the region.
- Facilitating people-to-people interactions between regional countries is of particular importance in promoting an atmosphere of peace and convergence.

In a joint statement issued at the conclusion of the meeting, all participants expressed their commitment to respecting the territorial integrity of the countries within the region.

U.S. State Department spokesperson Matthew Miller reacted positively to the October 23rd, 2023, 3+3 format in Tehran. Miller stated that the United States welcomes any kind

of goodwill engagement that contributes to peace in the South Caucasus, regardless of where these negotiations take place or who hosts them. Still, Miller underlined that the U.S. has not found Iran and Russia to be reliable partners.

South Caucasus, Armenia-Azerbaijan confrontation and Iran: Geopolitical Scenario

On September 19th, 2023, Azerbaijan initiated what they termed “local anti-terrorist measures” in Nagorno-Karabakh, to reestablish the constitutional order. This move followed several months of Azerbaijan’s blockade of the Lachin corridor, which had led to a severe shortage of critical provisions, such as food, medicine, and energy supplies, exacerbating the existing humanitarian crisis. The European Parliament adopted a resolution accusing Baku of engaging in ethnic cleansing.

The offensive by Azerbaijan in Nagorno-Karabakh and the perceived inactivity of Russian peacekeepers have prompted severe accusations from Armenian Prime Minister Nikol Pashinyan directed at the Kremlin, distancing the Armenian central government from its historical ally.

On Monday, September 11th, 2023, Armenia and the United States started a joint military training exercise, signalling Yerevan’s shift away from Moscow. However, it should be emphasised that Armenia has taken part in NATO exercises on multiple occasions, despite being a member of the Russian-led Collective Security Treaty Organization (CSTO).

France has also entered the dynamics of the Southern Caucasus, demonstrating firm support for Yerevan by condemning human rights violations in Artsakh committed by Azerbaijan, while affirming Armenia’s right to defend its territorial integrity in the Syunik region.

Notably, France, which boasts Europe’s largest Armenian diaspora community, has heightened its diplomatic involvement in the region. In response to the potential risk of Azerbaijan launching an attack on the southern region of Armenia, substantiated by President Aliyev’s recent statements regarding the use of force to gain control of what Baku’s refers to as the Zangezur Corridor, France took proactive measures, including the deployment of a military attaché to the French embassy in the Armenian capital.

Notably, key European and U.S. representatives, who had long been strategic partners with Azerbaijan, have voiced their concerns over Baku's methods and accused the country of engaging in ethnic cleansing in the aftermath of its military offensive in Nagorno-Karabakh/Artsakh.

In October 2023, the U.S. Secretary of State Antony Blinken reportedly cautioned lawmakers that Azerbaijan might launch an invasion of Armenia shortly and emphasised that the United States does not intend to extend a longstanding waiver permitting military aid to Baku.

On October 23rd, 2023, during a press conference, the French Minister of Armed Forces, Sébastien Lecornu, conveyed to his Armenian counterpart, Suren Papikyan, that despite Armenia and France not being members of the same military and political alliances, Paris is committed to maintaining a defence relationship.

This commitment includes the provision of military equipment, such as air defence systems, to Armenia. This support is in response to growing concerns that Azerbaijan may further extend its military actions, following the recent seizure of Nagorno-Karabakh, and target Armenia's Syunik Province.

Additionally, France will be involved in the training of Armenian soldiers and will assist Yerevan in auditing Armenia's air defence capabilities to identify any potential vulnerabilities.

Another vital actor advocating for Yerevan's right to maintain its sovereignty was Iran. In October 2022, Iran inaugurated a consulate general in Kapan, situated within Armenia's southernmost Syunik Province, marking a significant geopolitical move.

This development carries substantial implications, as it not only establishes Iran as the first country to open a diplomatic mission in an area coveted by Azerbaijan and its ally, Turkey, but also serves as a clear signal Iran is prepared to intervene in the event of any potential attack by Azerbaijan against Armenia.



Figure 4 Embassy of the Islamic Republic of Iran in Yerevan, Armenia. Credits: SpecialEurasia

Conclusion

Iran's expanding role as a regional mediator has taken centre stage, especially in the aftermath of the peace talks in Granada organised by the European Political Community (EPC), which proved ineffective due to the absence of Azerbaijani and Turkish representatives.

The recent meeting in Tehran has showed its ability to secure foundational agreements that can contribute to the ongoing peace process between Armenia and Azerbaijan.

What sets Iran apart is its positive relationship with Russia, a pivotal player in the regional dynamics, and its concerted efforts to improve relations with Azerbaijan, despite occasional political frictions.

Conversely, for Yerevan, Iran may appear as a more reliable mediator when compared to Western nations, which have maintained controversial relations with Azerbaijan,

including military cooperation, while advocating for Armenia's territorial integrity and the safety of Artsakh's Armenians.

During the recent meeting in Tehran, Iranian diplomats have underlined the responsibility of regional actors in managing de-escalation and peace negotiations. This underscores the evolving and nuanced dynamics shaping regional mediation efforts in the South Caucasus.

On one side, Tehran is willing to maintain its strategic border with Armenia. On the other side, by underlining that the Caucasus should not become the arena of competition, Iranian President Ibrahim Raisi suggested that the presence and influence of foreign powers further complicates the security dilemma in the region and delays peace.

Indeed, President Raisi had previously held meetings with Armenia's national security advisor and Azerbaijan's special presidential envoy, announcing the Islamic Republic's resolute opposition to the opening of the Zangezur Corridor in the Caucasus region. In both meetings, the President stated that the Zangezur Corridor would be a NATO foothold, a national security threat for regional countries, which is why Iran strongly opposed it.

NATO countries, in fact, are actively pursuing access to the Central Asian markets and energy resources by establishing critical connections through Turkey and Azerbaijan, ultimately reaching Turkmenistan.

The opening of the Zangezur Corridor will undoubtedly reduce the length of the current route, which is currently compelled to pass through Georgia, thus furthering the U.S. and Europe's goal of creating a regional corridor linking Europe to the Central Asian Turkic nations.

The so-called Middle Corridor project, originating in Turkey, aims to supplant the Northern Corridor that passes through Russia. Despite Armenia falling victim to this international competition, it could still benefit from this project if Yerevan successfully keeps control over the transportation route through Syunik and gains access to the Turkish-led corridor. From Iran's perspective, this outcome holds no advantages, as it would cause the country's exclusion from the Eurasian corridors that facilitate connections between Asia and Europe. Iran would also lose its essential link to energy supply networks and its vital connection to Russia through Armenia.

Another critical meeting was the diplomatic encounter in September 2023 between the Ambassadors of France and Iran to Armenia, namely Olivier Decottignies and Mehdi

Subhani, which implies that Paris and Tehran are emerging as pivotal contributors to the preservation of stability along the internationally recognised borders of the Republic of Armenia.

While they have not divulged the specific details of their conversation, it is conceivable that France and Iran may have coordinated their efforts concerning the Southern Caucasus region.

Evidently, Iran has emerged as the singular actor to foster constructive relationships with all the directly involved stakeholders in the dynamics of the Southern Caucasus, including Turkey, Azerbaijan, Armenia, Russia, and France.

While regional competition exists between Turkey, Azerbaijan, and Iran, and the Western world maintains complex relations with Tehran, Iran possesses the potential to serve as a strategic mediator.

Although the interests of international players may lean toward Azerbaijan's aim of establishing the Zangezur Corridor, which would benefit the Middle Corridor and a NATO member, namely Turkey, potentially at the expense of Russia, Iran could pursue a more balanced approach.

This is underlined by Tehran's many cooperation agreements with both Baku and Yerevan. Despite the substantial influence of multinational corporations like British Petroleum in strengthening Azerbaijan's position in the Caucasian landscape, the presence of Russia and Iran in the Caspian Sea region obliges the Turkish bloc to carefully maintain equilibrium while considering the interests of these two significant players.

Central Asia: Iran's increasing ties with post-Soviet republics

October 31, 2023

In the wake of meeting between Iran's First Vice President, Mohammad Mokhber, and the Prime Minister of Kyrgyzstan, Akylbek Japarov, this analysis delves into the evolving landscape of Central Asia-Iran relations. The discussion, which encompassed the construction of a power plant, a refinery, and a prospective railway corridor connecting the two nations, underscores the collaborative prospects emerging within the geopolitical scenario of the region.

Background information

On October 25th, 2023, the First Vice President of Iran, Mohammad Mokhber, convened with the Prime Minister of Kyrgyzstan, Akylbek Japarov, in the city of Bishkek. Within the confines of their meeting, Prime Minister Japarov requested Iran's support in the construction of a power plant and a refinery within the borders of Kyrgyzstan.

Mokhber was in Central Asia leading a high-ranking delegation to take part in the 22nd meeting of the Council of Heads of Government of the Shanghai Cooperation Organisation (SCO), which took place on October 26th, 2023.

At the negotiation table, where Iranian ministers of Petroleum, Transport, and Urban Development were also in attendance, the discussions further centered on advancing negotiations for the construction of a railway corridor that would link Kyrgyzstan to Iran through Uzbekistan and Turkmenistan.

Geopolitical Scenario: Collaborative Prospects in Central Asia-Iran Relations

The SCO, originally established to coordinate efforts against terrorism, separatism, and extremism, is increasingly evolving into a platform for joint regional development among its member countries. It supports the implementation of various infrastructure projects with the participation of key Eurasian actors.

The declaration issued in July 2023 by the Council of Heads of State within the SCO, held in New Delhi, officially validated Iran's accession to the organisation. This event signifies a pivotal juncture in the geopolitical landscape of Eurasia, carrying potential implications for regional security, economic connectivity, and global power dynamics.

Numerous statements from the SCO reaffirm the principles of multipolarity and the stance against sanctions as a coercive instrument, which have already been articulated by the Islamic Republic of Iran and, to a lesser extent, by the Central Asian republics.

Initially, both Kazakhstan and Uzbekistan faced heightened scrutiny through extensive U.S. assessments, investigating potential involvement in assisting Russia to circumvent sanctions related to the Ukraine conflict. Subsequently, during the recent summer, Kyrgyzstan encountered a similar inquiry. Even though Prime Minister Japarov attempted to deflect these allegations, various sets of U.S. sanctions were imposed on Kyrgyzstani enterprises.

The current negotiations between Kyrgyzstan and Iran are part of a trend that shows growing non-oil trade between Tehran and Central Asia, demonstrating how Iran's entry into the SCO opens up further possibilities for regional cooperation. The value of non-oil trade between the Islamic Republic and SCO member states is approximately 37 million tons of goods worth 21.736 billion dollars, marking a 10% increase in the first six months of the current Iranian fiscal year (March 21 – September 22).

Furthermore, Kyrgyzstan's specific request for technical and engineering services from Iran underscores how the Middle Eastern country, despite years of embargoes and subsequent difficulties in acquiring know-how in various sectors and attracting investments, has managed to develop a self-sufficient industry.

Within this framework, particular attention is given to the development of the electrical network. Currently, the Iranian electrical grid is connected to Iraq, Azerbaijan, Armenia, Turkmenistan, Afghanistan, Pakistan, and Qatar, and connecting to Russia.

Although the expansion of the Iranian nuclear sector has raised concerns in the international community, part of that program also had a civilian purpose: domestically addressing increasing internal consumption, as the government is investing in developing areas that were previously rural; On a regional level, it aims to position Iran as an energy hub, not only through oil and gas exports if sanctions are lifted but also in the field of electricity supply.

The most recent advancement in this context pertains to the interconnection of the power grids of Iran and Qatar via a sub-sea transmission line. This development not only enhances the dependability of the power networks in both nations but also positions Iran as a significant contributor to electricity generation and distribution within the region.

The Iranian administration, under Raisi's leadership, aims to allocate resources to infrastructure, technological advancements, and areas such as power generation and space exploration. This entails a greater engagement with energy-related matters in the Central Asian region, signifying a broader pivot towards the east in Iran's strategic approach. While Iran keeps an open door for talks on the JCPOA, it is concurrently pursuing its primary foreign policy priorities, especially in its diplomatic engagements with Gulf monarchies and Central Asian republics.

Conclusion

In conclusion, the geopolitical landscape in Central Asia presents a compelling case for enhanced cooperation with Iran, a nation distinguished by its abundant natural resources and a strategic location within a region of substantial commercial significance.

The shared membership in platforms like the Shanghai Cooperation Organization (SCO) underscores the growing desire for collaboration. Additionally, Iran's participation in a free trade area with the Eurasian Economic Union, which includes Kazakhstan and Kyrgyzstan, further strengthens the foundations of economic and strategic partnerships.

The historical ties between several Central Asian states and Iran, rooted in their shared heritage dating back to the Persian Empire, are a vital component of this evolving landscape. Moreover, the Turkish-speaking nations have already established robust relations with another Shia-majority country, namely Azerbaijan, and they are all members of the Organization of Islamic Cooperation (OIC) alongside Iran. These connections contribute to a regional framework that transcends mere geographical proximity.

Furthermore, Central Asia has historically occupied a critical position within Russia's lebensraum (vital space) and has increasingly become a focal point of substantial Chinese investments. Iran's burgeoning relationship with Russia, coupled with recent agreements with China, presents the potential for regional alignment. This alignment could signify a growing chorus of discontent with the sanctions imposed by the Western world on Russia, China, and Iran, which indirectly affects the Central Asian economy.

Given the interplay of these geopolitical dynamics, it is essential for the Western world to carefully calibrate its policies. Balancing the imposition of sanctions with the maintenance of positive relations with nations of strategic importance is paramount. These nations not only play a pivotal role in regional stability but also hold considerable

significance for Western interests. A prudent approach to diplomacy is warranted to ensure that the Western world can adapt to the evolving geopolitical terrain and promote mutually beneficial cooperation while safeguarding broader international stability.

Nevertheless, for Iran, it remains a matter of significance to secure relief from sanctions, although the increasing practice of conducting trade in local currencies rather than in dollars is altering some of the impacts of these Western instruments on Eurasian nations.

Geopolitics of the Anzali Trade-Industrial Zone in Iran

November 6, 2023

The Anzali Industrial-Trade Zone, situated in the northern region of Iran, is poised to emerge as a pivotal logistic and industrial nexus, facilitating seamless connections between the Iranian market and neighbouring countries, as well as members of the Eurasian Economic Union, the Commonwealth of Independent States, and the Shanghai Cooperation Organisation.

Recent reports from the Iranian media underscore the significance of this trade zone, alongside other free trade and industrial zones across the country, in realising Tehran's ambitious economic agenda. This strategic initiative aims to diversify Iran's revenue streams and exports, thereby reducing its reliance on the volatile oil sector.

This report is dedicated to assessing the strategic importance of the Anzali Trade-Industrial Zone, with a comprehensive assessment of its prime location, Tehran's overarching economic strategy, and its integral role in the broader regional geopolitical landscape.

The Anzali Trade-Industrial Zone: Background Information

On Sunday 5th, 2023, Alireza Jahangiri, the Iranian Assistant Minister of the Foreign Affairs for Caspian Sea Affairs, visited the Anzali Trade-Industrial Zone and met the representatives of the Zone.

Jahangiri stressed the important role that Anzali Zone plays in connecting Iran with Eurasian Economic Union (EAEU), the Shanghai Cooperation Organisation (SCO), and the Economic Cooperation Organisation (ECO).

He also welcomed the ongoing plan of the Anzali Free Zone Organisation to create joint free zones with the countries bordering the 'largest lake in the world'. Indeed, Anzali Free Zone has signed several memorandums of understanding with Kazakhstan's Octao, Lotus and Dubna special economic zones in recent years in order to draw a model for joint cooperation,

On November 4th, 2023, Hojatollah Abdolmaleki, the secretary of Iran's Free Zones High Council, stated that 70% of the country's transit is carried out thanks to free trade and special economic zones. He also highlighted that the Iranian central authority has established 94 free trade and special economic zones across the country.

Iran's free trade and special economic zones have emerged as pivotal drivers of the country's economy, exemplified by their substantial contribution to non-oil exports. These zones facilitated a remarkable achievement, with one-third of Iran's total non-oil exports being conducted through them.

Currently, over 2,500 companies operate within these zones, directly employing over 7,000 individuals, underscoring their significance in generating employment opportunities and fostering economic activity.

The inception of free trade zones in Iran traces back to 1990, a response to the decline in the country's oil revenue the previous year. This strategic move was aimed at diversifying and promoting non-oil exports, ultimately bolstering the nation's economic resilience.

The pioneering steps in this endeavour led to the establishment of the first two free trade zones in the southern region of Iran: the Kish Free Trade Zone and Qeshm Free Trade Zone. Subsequently, five additional free trade zones have been established across the country, each strategically positioned to maximise their respective regional advantages: the Chabahar zone in the southeastern Sistan-Baluchestan Province, the Arvand zone in the southwestern Khuzestan Province, the Anzali zone in the northern Gilan Province, and the Aras and Maku zones in the East-Azarbaijan and West-Azarbaijan Provinces.

Geopolitics of the Anzali Trade-Industrial Zone

The Anzali Free Trade-Industrial Zone, strategically located on the Caspian Sea, serves as a pivotal gateway for Iran's trade relations with its northern counterparts, particularly Russia.

Functioning as a vital node within the International North-South Transport Corridor (INSTC), Anzali port plays for Tehran an important role in facilitating the efficient transfer and transit of goods between East Asia nations and Europe.

The Zone's geographical advantage positions it as a linchpin in regional logistics and trade operations. Furthermore, the proximity of Anzali port to Rasht, the capital of Gilan province establishes Anzali as a prominent tourist destination within Iran.

Leveraging these inherent strengths, in 2005, the Iranian government established the Anzali Free Trade-Industrial Zone, initially spanning approximately 3200 hectares.

Subsequently, in 2014, boundaries were expanded, enlarging the Zone to a substantial 8609 hectares. The Zone's principal focus rests on fostering the growth of the

transportation industry, augmenting trade and commercial services, bolstering the tourism sector, and advancing processing, agricultural, and eco-friendly industries.

This Zone encompasses two distinctive geographical sectors. The eastern segment, located in close proximity to the Anzali Wetland, predominantly comprises port and customs facilities, an industrial township, and natural resource zones.

Conversely, the western sector encompasses agricultural lands, primarily dedicated to cucurbit cultivation and orchards, alongside tourist and recreational amenities. The port area spans 2.68 hectares, featuring 10 mechanised wharves with a combined capacity of 50,000 tons.

Notably, the imminent establishment of the Caspian port as a third-generation port, boasting 22 berths with a staggering capacity of 11 million tons, is poised to transform the Anzali Free Trade-Industrial Zone into a pivotal regional logistics hub, driving warehousing, distribution, and marine industry development.

As Mohammadvali Rozbahan, the CEO of the Anzali Trade-Industrial Zone, underlined, this area copes with the government's desire to develop relations with the Eurasian Economic Union (EAEU).

The north of the country, along with the appropriate infrastructure and platforms for any kind of productive investment, trade, tourism and transit, might become an opportunity for investors who are looking for a logistic centre linked with Russia and the EAEU.

Located in the position of the northern anchor of the country in the International North-South Corridor (INSTC), which connects the Persian Gulf and East Asia to Europe through Iran and Russia.

Indeed, the Zone is close to the ports of Astrakhan and Lagan in Russia, Krasnovodsk in Turkmenistan, Octavo in Kazakhstan and Baku in Azerbaijan as well as the Rash International Airport and the largest oil and gas reserves of the Caspian Sea.



Figure 5 Iran: Special Economic Zones and Trade-Industrial Free Zones Map, SpecialEurasia. Url: <https://www.specialeurasia.com/2023/03/31/iran-special-economic-zones/>.

Conclusion

Iran is using free trade, economic, and industrial zones as a key tool to improve its economy and reduce its dependence on the oil and gas sector. These special zones have already shown their ability to attract investments and gain attention from Iran's regional trading partners.

Furthermore, these zones highlight Tehran's shift towards the East as the Vienna talks failed to revive the JCPOA agreement. Iran has demonstrated its willingness to meet Europe's natural gas needs but is now taking proactive steps to address its economic challenges without waiting for action from Brussels. These special zones might attract investments, expertise, and generate job opportunities.

Iran's strategic location is a significant advantage. The country can serve as a bridge between South-East Asia and Europe on one side, and the Gulf and Russia on the other. Iran has access to deep waters in the Persian Gulf with multiple ports and in the Caspian Sea.

Another crucial aspect is the Islamic Republic's agreement with the EAEU and its membership in the SCO and BRICS. Being an active participant in these organisations not only provides Tehran with multiple platforms for negotiating trade agreements but also enhances Iran's perceived stability and reliability in the eyes of other members. This contributes to building trust among potential future investors.

The country plays a crucial role for the Caspian littoral countries, as Central Asian nations have expressed interest in using Iranian ports for importing Indian goods on several occasions. Additionally, improving connectivity among Caspian ports could benefit not only the littoral states but also contribute to regional stability and reduce tensions related to the areas of contention in the Caspian Sea.

While Europe may not be actively supporting the Iranian economy or seeking to boost its regional influence, Brussels could potentially leverage the reduced tension in the Caspian Sea to its advantage. In the future, it might benefit from the Caspian ports and free trade zones to pursue European interests.

In conclusion, Iran's strategic initiatives in the form of free trade, economic, and industrial zones, along with its geopolitical positioning and participation in international organisations, demonstrate its efforts to diversify its economy and play a significant role in regional trade, potentially offering opportunities for various stakeholders in the future.

Mojahedin-e Khalq, Security and Terrorism in Iran: A Dialogue with Javad Hasheminejad

November 10, 2023

The *Mojahedin-e Khalq* organisation, also known as MEK, has a controversial history both within and outside Iran, dating back to the monarchy period. While some international representatives view MEK as a legitimate opposition to the Islamic Republic of Iran, concerns arise due to the methods used in its struggle against the Iranian government.

Articles of abuses towards MEK members within their camps add to these concerns, especially after the decision to host its fighters in Albania and include them in certain Western official events. It's worth noting that throughout history, Western representatives have also been targeted by MEK.

This report aims to provide a historical background on MEK activities, supported by a dialogue with Javad Hasheminejad, the Secretary General of Habilian Association and the son of a political figure killed by MEK because of his leading role in the Islamic Revolution in Mashhad in the early '80s.

Historical background of Mojahedin-e Khalq (MEK)

During the 1950s and 1960s, Iran witnessed a period of severe repression under the rule of Shah Mohammad Reza Pahlavi, particularly targeting dissidents and political activists through the actions of his secret police, known as Savak.

In 1965, three Iranian students, namely Mohammad Hanifnejad, Saeid Mohsen, and Ali Asghar Badizadegan, established a new opposition movement. This movement later evolved into the People's Mujahedin of Iran (PMOI), commonly referred to as the Mojahedin-e Khalq – MEK (persian: سازمان مجاهدين خلق ايران, sāzmān-e mojāhedīn-e khalq-e Irān).

Initially, the MEK was a movement that combined elements of Islam and Marxism, with the aim of overthrowing Shah Reza Pahlavi's monarchy. Over time, particularly after the Islamic Revolution in 1979, the group transformed into a terrorist organisation, conducting attacks to remove the government of the Islamic Republic of Iran and establish a new one. They also instituted a political wing called the National Council of Resistance.

Several influential founding members and the leader of the MEK, Massoud Rajavi, were imprisoned and, in some cases, executed during the Persian monarchy.

During its early existence, the MEK not only opposed the Shah but also his Western allies, such as the United States. While fighting against the Pahlavi monarchy, the MEK targeted a significant number of Americans through attacks.

For instance, in 1972, they set off bombs in Tehran at the U.S. Information Service office (part of the U.S. Embassy), the Iran-American Society, and the offices of several U.S. companies to protest President Nixon's visit. In 1973, the MEK assassinated the deputy chief of the U.S. Military Mission in Tehran.

In later years, the MEK denied responsibility for these attacks, claiming that a breakaway Marxist-Leninist faction known as Peykar had taken control of the group's activities and carried out the attacks against Americans.

Both the MEK and the MEK Marxist-Leninist faction played a role in the overthrow of the Persian monarchy during the 1979 Revolution and took part in the occupation of the U.S. embassy in Tehran. However, differences emerged after the establishment of the new government of the Islamic Republic, leading to a split with Ayatollah Ruhollah Khomeini due to differing interpretations of Shia Islam.

In 1981, the MEK went underground and began a series of bombings, including attacks on the head office of the Islamic Republic Party and the Prime Minister's office. These attacks resulted in the deaths of 70 high-ranking Iranian officials, including President Mohammad-Ali Rajaei, Prime Minister Mohammad-Javad Bahonar, and Chief Justice Ayatollah Mohammad Beheshti. In response, the Islamic Republic cracked down on the group, forcing the MEK to go into exile in France

Another pivotal moment occurred in 1986 when the French government, led by Jacques Chirac, expelled the MEK, leading the group to relocate to Iraq. In Iraq, they aided Saddam Hussein's war against Iran with large-scale attacks against Iranian forces.

The MEK carried out numerous terrorist attacks against Iranian government representatives, military personnel, and civilians, both within Iran and internationally. For example, in 1992, they attacked the Iranian mission to the United Nations in New York and simultaneously targeted other Iranian embassies and consular missions in 13 countries.

The National Council of Resistance of Iran (NCRI) in August 1993, elected Massoud Rajavi's wife, Maryam Rajavi, as Iran's future President for the transitional period

following, according to their goal, the overthrow of the religious government of the Islamic Republic of Iran. To prove their devotion to the Rajavis, members of MEK were told to divorce their spouses and renounce romance.

Their activities extended into the 2000s, including a mortar attack on a major Iranian leadership complex in Tehran that housed the offices of the Supreme Leader and the President. They also maintained a presence in Iraq, Europe, and the United States.

Following the fall of Saddam Hussein in 2003, the U.S. military took control of the MEK's Ashraf camp in Iraq, and the group surrendered its heavy arms. Before Operation Iraqi Freedom, the group received all of its military assistance, and most of its financial support, from the former Iraqi regime.

With the loss of support from Iraq, the MEK has used front organisations to solicit contributions from expatriate Iranian communities. The U.S. military has recognised the MEK fighters in Iraq as Protected Persons under the Geneva Conventions.

The United States State Department, which had designated the MEK as a terrorist organisation in 1997 during President Clinton's administration, removed the group from the list in 2012. The decision made in 2012 was accompanied by the following statement: *"With today's actions, the Department does not overlook or forget the MEK's past acts of terrorism, including its involvement in the killing of U.S. citizens in Iran in the 1970s and an attack on U.S. soil in 1992. The Department also has serious concerns about the MEK as an organisation, particularly with regard to allegations of abuse committed against its own members. (...)"*

In 2009, the European Union also removed the Mojahedin-e Khalq from its list of terrorist organisations.

MEK today: Ashraf 3 camp in Albania

The group's nominal leader, Massoud Rajavi, vanished in 2003. After the U.S. ceded the control of the Ashraf camp in Iraq to the Iraqi government, many MEK fighters moved to Albania. The group claims the camp houses about 2,500 members.

The first members of MEK came to Albania in 2013. However, the bulk of them were brought in 2016, when the then U.S. Secretary of State John Kerry announced their massive landing in Tirana.

In the United States, there are notable allies of the group, including Rudolph W. Giuliani, who served as Donald Trump's personal lawyer, and John R. Bolton, the former National Security Adviser. Open sources indicate that both Giuliani and Bolton have been paid tens of thousands of dollars for speaking at the organisation's conferences. During these events, these influential figures from the U.S. have characterised the People's Jihadists as the most legitimate opposition to Iran.

Iran blacklisted dozens of U.S. officials over their support of the MEK, which the Iranian government considers responsible for killing 17,000 Iranians over decades.

On June 20th, 2023, the Albanian Special Anti-Corruption Prosecutor's Office (SPAK) orders a raid in the Ashraf-3 camp in Manez. The operation saw the use of around a thousand agents. The suspicion that prompted the Albanian authorities to intervene was that the servers from which the cyber-attack suffered by Albania on July 15th, 2022, and for which Tirana blames the Iranian state, are located inside the camp

Interior Minister Bledi Cuci, in a joint press conference with Police Chief Muhamet Rrumbullaku, clarified that members of the Iranian opposition violated the agreement signed with the Albanian government in 2014 by engaging in illegal political activities

In response to the event, the U.S. government distanced itself from the MEK and emphasised that the decision regarding the organisation should be left to Albania to determine.

According to a New York Times journalist who visited MEK camp in Albania, located 15 miles west of Tirana, and several international reports, the group operates online troll farms, repeatedly boasting of hacking or penetrating state-linked institutions in Iran.

Former members, now living independently in Albania, outside the camp, described being brainwashed into a life of celibacy. Indeed, MEK has often been described as a messianic jihadi cult. The cult banned romantic relationships and sexual thoughts, highly restricted contact with family, and discouraged friendships.

Members are being forced to participate in self-criticism rituals, whereby members would confess to their commanders any sexual or disloyal thoughts they had. Many families who lost their children to the cult are fighting for years to rescue them from captivity.

MEK and the victims of terrorist attacks in Iran: a dialogue with Javad

Hasheminejad

SpecialEurasia met with Javad Hasheminejad, the Secretary General of Habilian Association, an Iranian Human Rights NGO established in 2005 by a group of families of Iranian terror victims with the aim of highlight that Iran is one of the biggest victims of terrorism. According to the Habilian Association, the number of casualties from terror attacks on the Iranian nation has exceeded 17.000.



Figure 6 Mashhad, October 2023. Silvia Boltuc, SpecialEurasia Managind Director, during the meeting with Javad Hasheminejad. Credits. SpecialEurasia

The Habilian Association was established by the victims of terrorist attacks against the Iranian nation. How are you connected to this matter?

“The terrorist organisation known as the Mujahedin e-Khalq (MEK) carried out a suicide operation that resulted in the assassination of my father, Seyyed Abdol Karim Hasheminejad. He was a key political figure and a prominent scholar in Iran during the early 1980s. My father played a leadership role in the Islamic Revolution in Mashhad. He, along with 40 other clergies, was arrested after delivering a speech in Tehran on the night before June 5, 1963, the same night when Imam Khomeini was also arrested in Qom. In 1979, my father narrowly survived an assassination attempt by Savak, who launched explosives into his house. Tragically, after the Revolution, he was killed by a member of MEK while leaving a classroom at the headquarters of the Islamic Republic Party in Mashhad.”

What is the official stance of Western countries on the MEK organisation?

“The U.S. Department of State has explicitly stated that the MEK terrorist group has been responsible for assassinating thousands of individuals. Unfortunately, some of these

terrorist groups, which have carried out attacks in our country, are currently being hosted in European and Western nations.

The European Union designated the MEK as a terrorist organisation for seven years, from 2002 to 2009. During that time, they had an active presence in various European parliaments and held meetings with European parliament members using their official logo.

The evidence gathered by the U.S. State Department and other European countries strongly supports the classification of this group as a terrorist organisation. However, their activities in European countries suggest otherwise. It appears that these assassinations inside Iran have been politically motivated and carefully targeted.

Furthermore, it concerns that Western media has remained notably silent on the events in Iran, and it is crucial to bring this issue to the world's attention. It is unprecedented to declare a group as a terrorist organisation and simultaneously allow them to operate freely within a country's borders. In recent months, members of this group have been responsible for the assassination of Iranian border guards, and the countries supporting them have enabled these actions.”

How do you feel, being the son of a victim of the MEK, towards Europe?

“I've personally travelled to various European countries and engaged with their officials. I've experienced a clear double standard.

For instance, during my visit to England, I presented all the documents I had concerning the MEK and other terrorist groups, especially to well-known English media agencies. My father was assassinated 40 years ago when I was very young. In England, I was told that this issue is now considered historical, as 40 years have passed. Nevertheless, I can see these groups freely operating on the streets of London, even though they represent a threat also for the West.

What's surprising is that an Iranian citizen was put on trial because of its association with this terrorist group, and in this case, it seems the past was not a relevant factor for the authorities.”

In your view, why did the Western world remove the Mujahedin e-Khalq from its list of terrorist organisations and provide support for some of their activities?

“The United States and Europe possess a comprehensive understanding of the terrorist group in question, including their operations and objectives. However, they sometimes use these organizations as tools to exert pressure on the current Iranian government, driven by their own political agendas. Unfortunately, in the ongoing political confrontation between these two powerful countries, we, the general population, continue to suffer as victims of terrorism.

During a conversation with a Swedish reporter, I mentioned the Mujahedin e-Khalq, and she promptly brought up Hezbollah.

Same two years ago, when I had a meeting with the head of the Foreign Commission of the European Parliament in Iran, we were in the Iranian Parliament, alongside all the Iranian Members of Parliament, with European Union (EU) representatives in attendance. During the discussion, EU Parliament Members (PMs) accused the Iranian MPs of defending Hezbollah and, by extension, supporting terrorism. I felt compelled to interject, emphasizing that their focus was on Hezbollah, which is a present-day reality. My concern, on the other hand, was rooted in events from the early 1980s when Hezbollah did not yet exist. Specifically, I refer to 1981 when terrorists were responsible for assassinating a president and a prime minister, and the MEK openly claimed responsibility for these acts.

In the same year, 1981, the French government welcomed the MEK leader at a French airport and provided support, only two years after the Islamic Revolution in Iran. The French were the first to openly support the MEK, followed by other European countries.

I’ve observed European Members of Parliament taking photos with the leader of the MEK, a group that has admitted to assassinating my father. Regrettably, I am still awaiting justice for this act.”

In your view, what do you consider a favourable or positive result or outcome of this interview?

“Presenting the historical background of these groups could offer the audience a valuable opportunity to gain a deeper understanding of them and potentially contribute to the effort of accurately labelling them as what they are, a terrorist organisation.

Events unfolding worldwide often priorities interests over human rights. Governments have fostered terrorist groups for political motives. However, the media possesses significant potential to bring these political decisions to light. A single report from a

journalist has the power to alter a country's course or even lead to the resignation of a politician.

It's essential to emphasise that even among the Iranian population, including those who occasionally protest against the government, there is a strong opposition to MEK. The methods employed by MEK do not find support within Iranian society.”

Conclusion

Over a decade ago, both the United States and the European Union removed the MEK from their lists of designated terrorist organisations, as the MEK had pledged to abandon violent tactics.

However, on June 2023, the Albanian police raid into the Ashraf 3 camp and France prevented the MEK from holding a rally in Paris on July 1st, 2023. Moreover, the U.S. distanced itself from the MEK. These actions may indicate a shifting stance either towards the MEK or Iran, as the group had been a tool to counter the Iranian government effectively.

According to Ylli Zyla, who served as head of Albanian military intelligence from 2008 to 2012, members of this organisation live in Albania as hostages. The revelations of abuses in various reports, ongoing efforts by families to rescue their children from MEK camps, and comparisons to a cult raise questions about the legitimacy of the organisation's activities.

Moreover, a CIA agent expressed the opinion that the politicians supporting MEK inside the U.S. know this group is not democratic and anyway has no constituency inside Iran. Still, they pursued anything that would disrupt the political order in Iran.

While many governments worldwide employ such strategies as part of their geopolitical toolkit, which has proven effective, there is a potential for unfavourable consequences. Some former members of the MEK have reported that the group's primary activities in Albania involve engaging in an escalating online information battle between Iran and its adversaries.

They disseminate anti-Iran propaganda in English, Farsi, and Arabic on social media platforms such as Facebook, Twitter, Telegram, and in the comment sections of newspapers. This could create a false impression of foreign involvement in actions

against Iran or vice versa, potentially leading to increased tensions or even a confrontation between the two countries in a worst-case scenario.

Albanian citizens often view the presence of the MEK in their country with skepticism, drawing parallels to ISIS, while the Iranian population is concerned about the group's methods.

Therefore, it's essential for Europe to conduct a thorough evaluation of the potential repercussions of harbouring politically contentious groups, as this could potentially result in heightened geopolitical tensions and instability.

Exploring Iran-China Cooperation: A Ground Report on the Persian Gulf Bridge

November 16, 2023

Qeshm Island, renowned for its eroded phenomena and rich geological heritage, has held a prominent status among Iranian islands. Situated strategically within the Strait of Hormuz in the Persian Gulf, the island's significance prompted the central government to establish a Free Economic Zone.

The construction of the Persian Gulf Bridge between Qeshm and the Iranian mainland stands out as a pivotal project showcasing the growing collaboration between Tehran and Beijing.

This on-site report aims to uncover the current status of exchanges between China and Iran, focusing on the potential advantages and outcomes linked to the construction of the Persian Gulf bridge.

Background Information



Figure 7 Qeshm Free Zone Organization Central Building, October 2023. Credits. SpecialEurasia

On the sidelines of the 23rd China International Investment and Trade Event (CIFIT 2023) in September 2023, a meeting was held with the presence of the Chairman and CEO of

Qeshm Free Zone Organisation and the Chairman of the board of directors of Qeshm Investment and Development Company with the vice president and senior executives of the Chinese Xiamen Road & Bridge Construction Group. CIFIT focuses on nationality and internationality, investment negotiation and investment policy promotion, coordinated development of national and regional economy, as well as economic and trade exchanges.

At the exhibition, Tehran showcased financing opportunities for investors, business owners, and visitors. Iran's pavilion focused on investment packages and platforms of 7 free zones: Anzali, Aras, Mako, Arvand, Chabahar, Qeshm and Kish. At the end of August 2023, 850 packages worth about 15 billion euros for investment in Iran's free zones were ready to be presented to the investors in target countries, such as Armenia, Iraq and China.

The meeting took place to benefit from the expertise of one of China's major companies specialising in constructing water structures. Moreover, it was arranged because of the geographical resemblance between Xiamen Island and the neighbouring Fujian province and Qeshm island and the mainland of Hormozgan Province. Indeed, the meeting aimed to support the Persian Gulf Comprehensive Network Plan.

This plan involves advancing Kaveh port, improving roads and railways, including the construction of four highway lanes from Kaveh port to the mainland, establishing a railway line between the mainland and Qeshm Island, all contingent upon the completion of a Persian Gulf Bridge. These initiatives are vital components of the country's strategic south-north corridor projects.

Previously, several Iranian Free Zone officials visited China to explore cutting-edge engineering technologies and project management practices by examining one of the world's largest bridges. This colossal bridge project, linking Shenzhen to Zhongshan, is currently underway and being executed by Poly Changda Engineering Company, a subsidiary of China Poly Group.

This extensive sea-crossing project involves the integration of bridges, islands, tunnels, and underwater channels. Previously, former President Mahmoud Ahmadinejad also suggested constructing a sub-sea tunnel in place of a bridge. However, this proposal was ultimately turned down due to its high costs, advanced technology requirements, and associated risks.

Through these meetings, Iran was seeking assistance from Chinese expertise to advance the development of such complex infrastructures.

Finally, on February 7th, 2023, implementing the national and strategic plan of the Persian Gulf bridge in Qeshm has been operationalised. Among the high-ranking representatives attending the event, there were Hojatullah Abdulmaleki, Secretary of the Free Zones High Council, the Chairman of the Civil Commission of Iran’s Parliament, and Parliamentarians of Hormozgan Province.

Qeshm, an island located in the Persian Gulf of Iran, holds the distinction of being the largest island in West Asia. Connecting the island to the mainland of Iran has been one of the long-standing dreams of the islanders.

Through the Persian bridge, the port of Kaveh, located on Qeshm island, opposite to the commercial port of Bandar Shahid Rajaei at Bandar Abbas, will be connected to the Iranian mainland. Alongside the bridge, 92 kilometers of highways and 86 kilometers of railways will be created and linked to the nationwide transportation lines in Iran.



Figure 8 Working area to build the Persian Gulf bridge in Qeshm Island, October 2023. Credits: SpecialEurasia

Geopolitical Scenario: Iran-China Cooperation

During former President Hassan Rouhani’s tenure in 2021, Iran and China inked a 25-year cooperation pact covering economic, military, and security aspects. The Iranian Foreign

Ministry confirmed in 2022 that the agreement had progressed to the implementation phase. Notably, both China and Iran are under different levels of United States sanctions. Seyyed Reza Seyyed Aghazadeh, Director General of the Asia-Pacific Office of the Organisation for Trade Development, addressed the commencement of the 25-year strategic and comprehensive cooperation agreement between Iran and China. He responded to skeptics of China by highlighting that with the activation of this strategic cooperation agreement, Iran could present its industrial and mining projects to Beijing, potentially attracting investors. This, in turn, could foster economic development, boost employment rates, and address Iran's economic challenges.

Aghazadeh emphasised the significance of acknowledging China as the world's second-largest economic power, projected by the International Monetary Fund to potentially become the world's leading economic power in the coming years. He stressed that given the global trend of countries seeking collaboration with China, missing out on such opportunities would be detrimental to Iran and its future economic progress.

In response to concerns about China's alleged debt-trap diplomacy, the head of the Iran-China Chamber of Commerce clarified Iran has no intention of selling its territory, such as Qeshm Island, to China.

China is actively seeking a secure and sustainable energy source to diversify its energy imports, aiming to mitigate the potential risks associated with US sanctions. Therefore, the proposed concept involves offering oil and gas in exchange for infrastructure development.

This strategy aims to facilitate the growth of Iran's economy under sanctions by focusing on infrastructure advancement. It's crucial to note that this defined form of cooperation with China does not involve granting land or soil to China.

While nuclear negotiations remain a priority for Iran, Tehran is shifting its foreign strategy towards Asia to seek economic relief. The current government has emphasised regionalism and integration within Eurasian transit, transport, and energy networks as key strategies to pursue. These goals align with the signed accord, which brings Iran into China's Belt and Road Initiative, a multi-trillion-dollar infrastructure scheme intended to extend from East Asia to Europe.

Iran and China collaborate within a regional framework, as they are both participants in the Shanghai Cooperation Organisation (SCO) and BRICS. The Iranian city of Semnan is a founding member within the International Tourism Alliance of Silk Road Cities.

Furthermore, in 2022, the Iranian government granted permission for China to establish a Consulate General in Bandar Abbas, Hormozgan, located in southern Iran. Hormozgan has fostered extensive cooperation with China across diverse sectors, notably in maritime transport and shipbuilding.

Additionally, a considerable number of Chinese individuals reside and conduct business on Qeshm Island. It's important to mention that Iran maintains three consular offices in distinct regions of China, specifically in Shanghai, Guangzhou, and Hong Kong.



Figure 9 Oil and gas industrial facility in Qeshm, October 2023. Credits: SpecialEurasia

Conclusion

The construction of the Persian Gulf Bridge plays a crucial role in advancing the International North-South Transport Corridor (INSTC) and in fostering comprehensive development across Qeshm Island in Southern Iran. The establishment of rail and road transport networks will lead to reduced costs and transit times for goods from Qeshm.

Indeed, the building of the Persian Gulf Bridge, made up of 2.4 kilometres, has long been deemed essential for the economic advancement of this region, particularly in bolstering tourism, the oil and gas sector, and facilitating transit activities.

Its primary role is to link Qeshm's coastal routes to the country's railway and road transportation network, facilitating connections with Central Asian transit and import-export activities. This national mega plan includes four lanes for cars, one lane for trains, emergency lanes, and pedestrian pathways.

The INSTC, spanning from the Caspian Sea and Central Asia to India and traversing the Strait of Hormuz, will include Qeshm island, thereby strengthening the Iranian Free Economic Zone situated in that area. Specifically, the Russian ports of Makhachkala and Astrakhan, along with the Kazakh port Aktau, Azerbaijan's Baku port, are currently linked to the Iranian port of Anzali and its Anzali Industrial-Trade Zone in the Caspian Sea region. Thanks to the Persian Gulf Bridge, Qeshm will be part of the domestic network of transit corridors linking the Caspian port of Anzali to Bandar Abbas and Chabahar on the Gulf of Oman.

Based on a study conducted several years ago, it was projected that after the bridge's opening, the central region of the island could evolve into a gateway connecting to the mainland, potentially leading to an increased population. This could potentially draw tourists to the island through various avenues. Being the first geopark in Iran and the Middle East, Qeshm features remarkable geosites. Often referred to as the eroded land, it serves as the primary gateway for geotourism in Iran.

Moreover, with easy access to the international airport, an area next to Dolphin Bay has the potential to develop into an airport city. This city could cater to finance, banking, and hotel sectors, equipped with MICE (Meetings, Incentives, Conferences, and Exhibitions) facilities. Once the Persian Gulf Bridge is connected, indeed, MICE tourism facilities might be developed around Qeshm Airport. The number of domestic and international tourists would accordingly increase.

Establishing a connection with the mainland will support the growth of industries and local production as well, enabling the export of goods from this region. Major infrastructure projects, such as cargo ports and chemical plants, including LNG supply facilities, could be expanded or developed. These developments may attract foreign companies to invest in the island, supplementing the advantageous economic environment provided by the free zone.

In view of this, the 23rd China Trade and Investment Event (CIFIT 2023) was significant for the Iranian-Chinese cooperation, aiming to encourage Chinese investments and facilitate

joint ventures abroad. Representatives from Qeshm Free Zone participated in the event, showcasing over 90 investment packages in logistics, oil, and energy sectors. Additionally, they highlighted industries like fisheries and tourism as part of their presentation.

China possesses the financial resources and expertise that Tehran requires. The establishment of a Chinese Consulate in Bandar Abbas signifies the robustness and promise of Iranian-Chinese collaboration. Even though Tehran remains open to welcoming investments from Western nations, the Iranian government is increasingly prioritising engagement in Eurasian markets and corridors. This shift involves advancing economic diplomacy in Central Asia, the Caspian Sea region, and the Caucasus.

Iran and the IRISL Group's Crucial Role in the International North-South Transport Corridor (INSTC)

November 30, 2023

Since the strategic role that the International North-South Transport Corridor (INSTC) plays in the Eurasian geopolitical chessboard, Iran has adopted a strategy aimed at exploiting the benefit of this logistic project and promoting national companies such as the IRISL Group.

The INSTC is a multi-mode network of ship, rail and road routes whose purpose is to connect Russia with India through the Caspian Sea region's countries, particularly Iran.

The initial agreement for the creation of the INSTC project was signed in 2002 between Russia, India and Iran. The INSTC is strategic as it is the shortest route, compared to the maritime route through the Suez Canal, to enter the Indian Ocean and the Persian Gulf and thus reduce transportation costs.

The corridor has several branches: the Trans-Caspian section (via Caspian seaports), the Western section (via Azerbaijan), and the Eastern route (via Kazakhstan and Turkmenistan).

With its ports in the Caspian Sea (Astra, Anzali, Caspian, Nowshahr, and Amir Abad), and its critical location in the Persian Gulf with access to international waters, Iran plays a vital role within the international link.

At the Economic Cooperation Organisation (ECO) Summit in Tashkent on November 9th, 2023, Kazakhstan, Russia, Iran, and Turkmenistan collaborated on advancing a roadmap for the development of the INSTC. This plan outlines an increase in the logistics route's capacity to 15 million tons by the year 2027.

Iran's Caspian Sea Presence: Strategic Posture and Relations with Littoral Countries

- **Russia:** The Russian Federation has several ports in the Caspian Sea: Makhachkala, Astrakhan, Solyanka, Olya, and Lagan. For centuries, Astrakhan has served as Russia's gateway to the East, Iran and India. Despite Makhachkala and Baku being geographically closer to Iran, Iranian traders traditionally use the Astrakhan port for trade with Russia. At the mouth of the Volga River, indeed, there are eleven cities along

the route with populations that exceed 1 million. Furthermore, Tehran's Free Economic Zone (FEZ) in Bandar-e Anzali and Russia's Special Economic Zone (SEZ) LOTUS, in the Astrakhan region, hold the strategic potential to booster the Russian-Iranian trade and investments cooperation within the joint connection project.

Indeed, an existing tripartite agreement favours economic, trade, industrial, transit exchanges and port services between Anzali FEZ, Chabahar Free Trade–Industrial Zone and LOTUS SEZ. While Anzali FEZ is connected to the Bandar Abbas port and Qeshm FEZ in the Persian Gulf, LOTUS SEZ is located at the crossing of two international transport corridors: the North-South and Northern part of the Great Silk Road.

Several Iranian companies have also expressed interest in investing in Lagan Port, in the Russian Republic of Kalmykia, connected to the main Moscow line, which also connects to the Trans-Siberian rail heading east across Kazakhstan and onto China. In addition, the port of Makhachkala holds promising potential for enhancing trade with Tehran. Astrakhan faces limitations in handling certain goods like oil and coal, which creates an opportunity for Makhachkala to handle these types of cargo. Makhachkala is Russia's only ice-free port in the Caspian Sea and the deepest. It also boasts the only railway ferry terminal on the Russian coast of the Caspian Sea, giving it a significant advantage.

While Makhachkala might not emerge as the primary logistics hub, it stands to secure a strong second position in Russian-Iranian trade and transit traffic along the INSTC route. Makhachkala has direct rail links to the ports of Kazakhstan, Turkmenistan and Iran.

Another crucial asset for Iran is the Russian Solyanka port, which Tehran has heavily invested in.

- **Kazakhstan:** Kazakhstan's ships are currently operating along the Caspian corridor of the INSTC. These Kazakh vessels travel directly from the ports of Aktau and Kuryk to Iranian ports, such as Anzali and Amir Abad (the Behshahr Amir Abad Port is the biggest port in the Caspian and has a SEZ connected to regional rails). They also facilitate trade between Russian and Iranian harbours.

During the sixth Caspian Summit in Ashgabat on June 29th, 2022, Kazakh President Kassym-Jomart Tokayev highlighted that the changing geopolitical situation has

disrupted traditional trade routes. He emphasized the importance of maximising the Kazakhstan-Turkmenistan-Iran railway to advance the promising INSTC project. This railway, being the shortest route between East Asia and the Gulf countries, according to Tokayev, enables Kazakhstan to redirect its export supplies through Russia and the Black Sea to reach the Persian Gulf nations.

In June 2023, during the Kazakh-Iranian Business Forum, the speakers noted the importance of developing economic cooperation between Astana and Tehran and the high potential for expanding trade and mutual attraction of investments, considering the convenient transport and logistics capabilities of the INSTC.

According to the Kazakh Prime Minister Alikhan Smailov, agriculture and international transport corridors are the more promising cooperation fields between Tehran and Astana.

- **India:** On January 2023, Ministry of Ports, Shipping and Waterways, GoI, in association with India Ports Global Ltd, conducted a workshop on the 'Linking Chabahar Port with INSTC' in Mumbai. The Chabahar port offers significant strategic benefits to India if developed into a transshipment hub.

Because of tensions with Pakistan, India has sought an alternative route, viewing Chabahar as a crucial hub to access important Central Asian markets. INSTC will not only bolster Iran's status as a key transit point in the region, but also strengthen India's presence in Eurasian markets.

There are two major ports in Chabahar: the Shahid Kalantari port (developed in 1980) and the Shahid Beheshti port. Iran had offered India the project of developing the Shahid Beheshti port. The two countries signed an initial agreement in 2016 for India to develop and operate the port's Shahid Beheshti terminal for 10 years.

- **Azerbaijan:** Azerbaijan is a key part of the Astara-Rasht-Qazvin railway, a transport corridor that connects the existing railways of Russia, Azerbaijan and Iran. Tehran and Baku have discussed building a cargo terminal in Astara, the linking point of Iran and Azerbaijan. Given that the Western branch of the INSTC is the most important (since the most populous provinces of Russia and Iran are primarily situated in the western regions rather than the eastern parts of their respective countries) Rasht-Astara rail route is vital.

Additionally, Baku and Tehran agreed to build road and rail infrastructure linking Azerbaijan to its Nakhchivan exclave via Iran. Notably, the project will include the

construction of a road bridge and a rail bridge which will link Nakhchivan with Iranian railway infrastructure. Nakhchivan will further link to Turkey.

On August 22nd, 2022, the heads of the customs authorities of Azerbaijan, Iran, and Russia signed a MoU on the facilitation of transit traffic.

IRISL Group's Importance in Tehran's Strategy towards the INSTC

Iran's strategy within the INSTC involves a multi-faceted approach centred on fostering investment, enhancing infrastructure, and optimising transport logistics. Key objectives include prioritising investments in transport infrastructure development, such as construction, modernisation, and rolling stock upgrades, to facilitate efficient cargo movement.

Identification and prioritisation of high-potential projects to attract cargoes along the INSTC are emphasised, supported by an expanded fleet of TEU (twenty-foot equivalent unit) and FEU (forty-foot equivalent unit) containers, including refrigerated units. Furthermore, Iran aims to bolster its fleet of mainline electric locomotives, freight cars, and modern container flatbeds, augmenting its transportation capacity.

Acquiring a versatile fleet of vessels, from grain carriers to Ro-Pax and river-sea navigation vessels, particularly in the Caspian Sea, remains a focal point. Strengthening transshipment facilities at key points between Iran, Azerbaijan, and Turkmenistan is a crucial aspect of Tehran's plan. Additionally, the country pursues agreements and actions to facilitate mutual trade and establish free trade areas along the international Corridor.

Negotiations to establish standardised freight rates and the establishment of a dedicated Russian–Iranian bank for service providers highlight the Islamic Republic's commitment to streamlining transport and forwarding services. Lastly, initiatives promoting the use of national currencies for settlements between Iranian carriers and those from other countries operating along the Iranian segments of the INSTC signify Iran's comprehensive approach to bolstering the corridor's efficiency and attractiveness.

With the largest shipping fleet in the Middle East and the Caspian Sea, IRISL Group (the Islamic Republic of Iran Shipping Line Group) is one of the Iranian major assets in the policy towards the development of the INSTC project.

IRISL is an entity offering extensive logistics services that span across key regions including Asia, the Pacific, CIS countries, the Indian Subcontinent, the Middle East,

Europe, Turkey, Africa, and South America. With a robust global network, it specialises in multimodal transportation through sea, rail, and road, providing comprehensive services encompassing ports, insurance, marine terminals, and transit logistics.

This company boasts an owned fleet of 139 ships comprising containers, bulk carriers, multi-purpose vessels, tankers, barges, offshore vessels, landing crafts, passenger ships, and service vessels. With a carrying capacity of 5,000,000 deadweight tons (DWT), this fleet enables the company to transport various cargo types across global routes.

IRISL's policy within the INSTC aims to strengthen ties with Russia and CIS countries while focusing on connecting Southern Iranian ports already established with China, India, and African nations to the Caspian Sea markets. The strategy involves substantial investments in enhancing the infrastructure and capabilities of the Solyanka port to further facilitate trade and transport along this corridor.

The Solyanka Port serves as Iran's key stronghold within the INSTC, offering a secure and dependable route for the exchange of essential goods and commodities between Iran and Russia. IRISL has made significant investments totalling 10 million dollars since 2022, including the initial purchase of a 53% stake in the port. Additionally, the IRISL-affiliated Khazar Sea Shipping Lines Company acquired a 53% share of the "Astrakhanskiy Port" Company in 2010, strategically aiming to facilitate access to its vessels to Russia's Astrakhan ports. Among the 13 ports located in Russia's Astrakhan Economic Zone, Solyanka Port stands out as the most active and pivotal hub for transporting freight, solidifying its role as a crucial maritime trade link between Iran and Russia.

Conclusion

Amid today's geopolitical instability, certain Eurasian Economic Union (EAEU) countries are adjusting their foreign trade approaches and establishing new logistical pathways. The INSTC, initially proposed by Russia, India, and Iran, aims to offer a shorter alternative to the maritime route passing through the Suez Canal. This results in quicker delivery times for goods and decreased transportation expenses during trade activities.

Moreover, as per estimates from the Eurasian Development Bank, transitioning container traffic from sea-based transportation to rail within the North-South corridor could curtail greenhouse gas emissions by a minimum of 25%.

This corridor operates using multiple modes of transportation, enabling cargo movement via road, rail, and sea, as well as utilising mixed river-sea vessels.

While China is advocating for Central Asian countries to utilise the Af-Pak corridor and Karachi port for sea access, Iran presents a more direct and safer connection. This route bypasses the turbulent Af-Pak region and avoids the challenge of Indian goods transiting through Pakistan, a historically problematic route. Pakistan's China-funded Gwadar deep seaport, situated just 72 kilometres east of Chabahar, is part of the China-Pakistan Economic Corridor (CPEC). However, despite this, the considerable strategic advantage and appeal of Iranian ports has prompted Beijing to invest in these infrastructures too.

The emerging Caspian Sea route serves as a counterbalance to Turkey's influence in the region. This route challenges the networks established by Ankara and the West, which aim to limit or exclude Russian influence. Iran, with its ports in the Caspian Sea, Special Economic Zones (SEZs), Free Economic Zones (FEZs), the Preferential Trade Agreement (PTA) with the Eurasian Economic Union (EAEU), and its strategically access to both the Persian Gulf and the Caspian Sea waters, has positioned itself as a pivotal hub within the INSTC and regional networks.

Compared to Pakistan and Afghanistan, Iran is perceived as more stable and secure. It maintains favourable diplomatic relations with both India and China. Consequently, Tehran is actively positioning itself as a crucial trading partner for many Central Asian countries.

The Raisi government has prioritised the Look to the East Policy and Economic Diplomacy, along with fostering regionalism, resulting in improved relations with neighbouring countries. This approach has significantly enhanced Iran's appeal for investments from Eurasian stakeholders.

Within the INSTC, the primary foundation remains the growing cooperation agreements between Iran and Russia. Despite facing sanctions, Tehran and Moscow have collaborated to reorganise Eurasian markets and spheres of influence in a multipolar manner. The direct link between Russia and Iran also provides Moscow with an alternative route, bypassing the need to pass through Armenia or Azerbaijan. This is a significant advantage considering the occasionally challenging relationships with these two nations. It's crucial to note that the improved relations between Azerbaijan and Iran must be seen in the context of shared economic interests and interdependence resulting from joint

infrastructure projects. Collaborative infrastructural developments could potentially reduce the risk of conflicts between the two nations. However, despite these advancements, Iran and Azerbaijan are likely to maintain a cautious approach towards each other. Lingering mistrust and ongoing geopolitical competition are expected to continue influencing their bilateral relations.

In this light, there might be a convergence of interests between Iran and Russia in establishing a direct link. Azerbaijan serves as a means for Turkey to strengthen its bloc and increase its influence in the West, mainly due to Baku's significant gas reserves. Iran faces challenges with its Turkic-speaking population in northern Iran advocating for secession, partly influenced by Turkey's soft power efforts in that direction. Moscow, on its part, is unlikely to view the growing Turkish influence in its sphere of influence positively, given Ankara's volatile nature as an ally. Additionally, Iran's ruling elite remains deeply concerned with Israel's presence in Azerbaijan.

Nevertheless, as highlighted by the Kazakh President, regional countries are creating a novel transport network for Eurasia, a previously non-existent development. For Iran, this corridor provides access to over ten Russian cities with populations exceeding one million along the River Volga. It also establishes connections to broader Central Asia and the Black Sea region. This provides Tehran with a means to evade international isolation, bolster its national economy, and attract investments through its Free Economic Zones (FEZs) and Special Economic Zones (SEZs).

Exploring Iran-Afghanistan collaboration: Kabul's Pursuit of Trade Diversification

December 4, 2023

The prospect of enhanced cooperation between Iran and Afghanistan holds a dual promise: not only does it offer a pathway to augment trade and boost revenues for two nations grappling with economic challenges and Western sanctions, but it also serves as a strategic move to counterbalance the escalating economic influence of China within the Afghan market.

This report delves into recent events and high-level meetings that underscore Tehran-Kabul collaboration, particularly in the realms of trade and mining. By examining these developments, the analysis seeks to shed light on the potential ramifications that a strengthened Iranian-Afghan partnership could have on existing Chinese investments in Afghanistan.

In doing so, it explores the intricate interplay of economic interests, geopolitical considerations, and regional dynamics, offering insights into the evolving landscape of alliances and rivalries that shape the economic future of the involved nations.

Iran-Afghanistan's Recent Meetings and Agreements: Background Information

On November 6th, 2023, Iran Chamber of Commerce, Industries, Mines, and Agriculture (ICCIMA) hosted a high-ranking Afghan delegation where the Afghan officials expressed their eagerness to make use of the potentials of the Iranian private sector.

During the meeting, ICCIMA Vice President Payam Bagheri mentioned that Iran and Afghanistan have significant opportunities for enhancing their economic and trade relationships. Bagheri also declared the readiness of the Iran Chamber of Commerce to identify specific areas where the two nations can collaborate.

In October 2023, Iran's Ambassador to Kabul Hassan Kazemi Qomi, said that Tehran and Kabul have agreed to create an Iran-Afghanistan chamber, trade development, to provide of facilities in the transit sector and investment in the agricultural sector.

Establishing the Iran-Afghanistan Joint Chamber serves as a means to showcase the potential and mutual economic advantages of both nations. This joint initiative, overseen

by the Chambers of Commerce in both countries, aims to promote companies, entrepreneurship, and economic institutions to foster bilateral economic relations.

Furthermore, the Afghanistan Railway Authority has agreed with the Iranian Railway Consortium concerning the utilisation of the Khawaf-Herat railway. As per the agreement, Iran plans to transport 100,000 tons of goods via this route in the initial year, with an annual increase of 100,000 tons thereafter.

During the agreement's signing ceremony, Bakht-ur-Rahman Sharafat, the head of the Afghanistan Railway Authority, announced that the construction of the initial phase of the fourth section of the Khawaf-Herat line was expected to begin by the end of October 2023. Simultaneously, over 80 Iranian businessmen visited Afghanistan to facilitate trade between the two nations and enhance business opportunities by providing necessary support and resources for fellow business executives.

Strategic diversification: Afghanistan eyes Iran as key mining partner to counterbalance China's monopoly

Afghanistan was facing severe economic challenges due to various factors, including the Taliban takeover, the withdrawal of foreign aid and financial support, ongoing conflict, and disruptions to trade and economic activities.

The situation was dire, with a collapse of the banking system, high unemployment rates, a sharp decline in the value of the Afghani currency, and a shortage of essential goods. The country heavily relied on international aid, and the withdrawal of such assistance significantly affected the economy and the livelihoods of the Afghan people.

Additionally, the freezing of Afghanistan's foreign reserves by some international entities further exacerbated the economic crisis, limiting the country's ability to access its funds held abroad, which were crucial for essential imports and basic services.

Iran has been facing economic difficulties because of sanctions imposed by the United States and other countries. These sanctions targeted various sectors, including oil exports, banking, and trade, significantly affecting Iran's economy by restricting its access to international markets and finance.

High inflation rates and currency devaluation are also ongoing issues in Iran, in addition to the economic repercussions of the COVID-19 pandemic.

Iran has been attempting to navigate these challenges by exploring alternative economic strategies, including bolstering non-oil sectors, expanding trade with neighbouring countries, and seeking ways to mitigate the impact of sanctions.

Urging the need for both governments to facilitate economic and trade exchanges between Iran and Afghanistan during the November 6th, 2023, meeting, Bagheri said that the banking system has to establish financial relations.

To avoid sanctions, the two parties might engage in barter trade or utilise informal channels to conduct trade outside formal banking systems. This could involve exchanging goods or services directly without relying on traditional financial transactions. Another potential solution could involve trading goods using local currencies.

It should be noted that U.S. sanctions do not necessarily apply to foreign companies doing business with the Taliban as long as they avoid going through U.S. financial systems.

Afghanistan's acting minister of commerce, Haji Nooruddin Azizi, noted that his country has been focusing on developing its mines. The U.S. Department of Defence estimated in 2010 that Afghanistan could hold 1 trillion dollars of untapped mineral deposits.

The country has substantial deposits of lithium, a key component in batteries used for various electronic devices, electric vehicles, and renewable energy storage systems. In addition to copper, iron ore, gold, uranium, silver, platinum, bauxite, Rare Earth Elements (REEs), crucial in the manufacturing of high-tech electronics, renewable energy technologies, and defence equipment. Gemstones, including emeralds, rubies, sapphires, and lapis lazuli. Afghanistan does also have some oil and natural gas reserves, but they are relatively modest compared to its mineral wealth.

However, despite the presence of these resources, Afghanistan's ability to effectively exploit and develop its mining sector has been hindered by various challenges, including political instability, security issues, lack of infrastructure and know-how, limited investment, and regulatory concerns. As a result, the full potential of Afghanistan's mineral wealth has yet to be realised.

Haji Nooruddin Azizi stated that although there are many proposals for investments in Afghanistan from different countries, Kabul insists on cooperation with the Iranian companies, as many Afghan mines are located near the joint border with Iran.

It should be mentioned that China has expressed interest in investing in Afghanistan's mining sector. Beijing is seeking access to raw materials for its industries and control over

oil, lithium and copper mines in Afghanistan with an aim to control global prices of the strategic minerals. Indeed, China consumes 50% of the world's copper and they have a firm eye on the price of copper globally.

The first major public commodities extraction deal the Taliban administration has signed with a foreign company since taking power in 2021, was with Xinjiang Central Asia Petroleum and Gas Co (CAPEIC) to extract oil from the Amu Darya basin in the country's north.

China is also renegotiating the Chinese state-owned Metallurgical Group contract signed in 2008 to extract copper from the Mes Aynak copper mine in Logar Province, one of the world's largest copper reserves. If developed, Mes Aynak copper mine may impact Beijing leverage on prices.

In addition, Chinese company Gochin has recently offered to invest 10 billion dollars in Afghanistan's lithium resources in the south and employing 120,000 people for the operations.

While the deal appears beneficial for reviving Afghanistan's struggling economy, the Taliban leadership is hesitant to accept it promptly. They express concerns that China would secure it at an exceedingly low cost, potentially compromising on higher labour standards. Past contracts with China have shown a trend of resource exploitation without a concurrent development of the sites, further amplifying the apprehensions surrounding this agreement.

On August 31st, 2023, the Taliban announced they have signed over 6.5 billion dollars-worth mining contracts with local and foreign companies from China, Iran, Turkey and Britain.

Shahabuddin Dilawar, the Taliban minister of mines and petroleum, said the seven contracts cover the extraction and processing of gold, copper, iron, lead and zinc in four Afghan provinces: Takhar, Ghor, Herat and Logar.

Challenges and Opportunities in Afghanistan-Iran Cooperation

During the November 6th meeting, the Afghanistan's acting minister of commerce underlined the potentials for partnership in other areas such as agriculture, electricity, water and pharmaceuticals in Afghanistan.

Azizi urged increased engagement of bordering provinces in trade between Iran and Afghanistan, emphasising its significance in achieving the 10 billion dollars bilateral trade goal.

He highlighted the necessity of collaborative exports and advocated for the establishment of joint industrial zones with Iran. Furthermore, the minister stressed Afghanistan's skilled labour force, complementing Iran's access to affordable electricity and gas, proposing the potential for fostering an industrial revolution in the region.

Several crucial measures have already been taken. One significant advancement is the recent endorsement of the Dogharoun Free Trade Zone by the Islamic Consultative Assembly in August 2023.

Additionally, Tehran is actively pushing for the creation of a joint trade zone between Iran and Afghanistan in the Khorasan region, marking significant progress in this direction.

Already in 2021, Iran has agreed to build roads in eight Afghan provinces in order to improve trade and transportation between the two parties, proving once again Iranian willingness to stabilise borders with Afghanistan and favour Tehran-Kabul cooperation.

Still, between Iran and Afghanistan, there are several unresolved and challenging issues that should not be underestimated. Tehran has not officially recognised the Taliban's authority. Following the Taliban's assumption of power in Afghanistan in August 2021, Iran initiated a dialogue with the Taliban, urging the formation of an inclusive government in Kabul.

Iran shares a 945-kilometre border with Afghanistan, where multiple clashes have occurred over the years. The border is a significant route for drug trafficking because of Afghanistan's position as one of the largest producers of opium and heroin globally. The influx of drugs into Iran has resulted in a range of issues, including drug addiction, health problems, and social instability.

To combat this problem, Iran has implemented various measures: border control and surveillance, establishing checkpoints, and employing technology for better surveillance; drug seizures and crackdowns, regularly conducting operations aimed at intercepting drug shipments, seizing large quantities of narcotics, and arresting traffickers; international cooperation, which includes neighbouring countries. Iran also focuses on reducing domestic demand for drugs by implementing awareness campaigns, providing

treatment and rehabilitation programs for drug addicts, and addressing the social and health impacts of drug abuse.

Another critical dossier is the Helmand River, which originates in the Hindu Kush mountains of Afghanistan and flows into Iran, providing water to both countries. Afghanistan constructed dams and irrigation systems along the river to support its agricultural needs, affecting the flow of water into Iran.

Iran has raised concerns about reduced water flow, which affects its access to this vital resource for agriculture and other purposes in its Sistan-Baluchestan province. The decreased water flow due to Afghanistan's infrastructure developments has led to environmental issues and water shortages in parts of Iran.

Furthermore, another significant concern revolves around the Afghan refugees seeking refuge in Iran ever since the Soviet invasion in the 1980s. The presence of Afghan refugees has had socio-economic impacts in Iran, including competition for jobs, housing, and public services. Additionally, it has raised concerns about security and led to issues related to undocumented migration.

Finally, the Taliban attitude towards the Hazaras remains worrying. Hazaras are a minority ethnic group in Afghanistan, predominantly practicing Shia Islam, which differs from the Sunni majority of the Taliban. This religious difference has often led to discrimination and persecution of the Hazaras by the Taliban and other Sunni extremist groups in the past.

During the Taliban's rule in the late 1990s, the Hazaras were subjected to severe repression and persecution. The Taliban committed atrocities against the Hazara population, including massacres, forced displacement, and targeted violence due to their religious beliefs and ethnic identity. Hazaras were often discriminated against, denied access to education, employment, and basic rights.

Conclusion

Iran and Afghanistan signed five economic cooperation agreements related to transportation, civil aviation, mining and free trade zones. Kabul is trying to boost the level of exports with Iran.

There are international allegations that foreign investments in Afghanistan are detrimental to the country's industry, focusing solely on exploitation. To prevent a single actor from monopolising the sector, it's crucial for Afghanistan to diversify its trading

partners. Creating competition in the market could potentially lead to better prices and benefits for the country.

This has been the case of China, accused of seeking to gain control over the mining sector in Afghanistan. Beijing aims to secure raw materials for China's industrial growth and limit potential Western influence in the Afghan market. Given the global shift toward electric vehicles where lithium plays a crucial role, obtaining access to lithium deposits and other minerals is of strategic importance. This access would bolster China's already strong position in critical materials and further solidify its global dominance, especially in rare earth elements essential for products like cell phones and defence equipment.

However, Afghan representatives have accused China of seeking to control Afghanistan's strategic mines without actively developing them, citing concerns related to security and profit-sharing. Allegedly, Beijing primary focus is on extending its Belt and Road Initiative (BRI) and monopolising the mining sector without contributing to Afghanistan's development.

This opens the possibility for new trading partner such as Iran. Iran routes over 45% of Afghanistan's transit trade, with the Dugharun border in Razavi Khorasan and Mahirud border in South Khorasan playing pivotal roles.

Afghanistan's acting minister of commerce affirmed that although Afghan market is small for the Iranian products, due to transit routes to other countries, including Uzbekistan and Tajikistan, exporting through Afghanistan will be cost-effective for Iran.

Additionally, there is a growing emphasis on leveraging the potential of the Chabahar Free Zone, which is exempt from international sanctions and attracts numerous investors, thereby bolstering trade interactions between Iran and Afghanistan.

On November 9th, indeed, the Taliban's deputy prime minister met key Iranian officials at Iran's Chabahar port and urged the Iranian authorities to allocate land to Afghanistan at a reasonable cost for an extended period in the Chabahar Port, aiming to establish the necessary infrastructure to enhance Afghanistan's import and export capabilities through this infrastructure, ultimately elevating Afghanistan's transit capacity. The outcome of the meeting concluded with a mutual agreement, granting Afghanistan unrestricted access to Chabahar Port, which further proves Iran's strategic location as an international transit hub.

Collaborative agreements between Afghanistan and Iran could enhance the security along the Afghan-Iranian borders, which have long been affected by ongoing disagreements between Tehran and Kabul. Despite the enduring risks of escalation, particularly concerning issues such as the Helmand River and the persecution of the Hazaras, it remains essential for the Iranian government to pursue a détente with the Taliban leadership to safeguard its borders,

Moreover, a conflict between Afghanistan, which still possesses U.S. weapons, and Iran, heavily armed with drones and missiles, would be harmful for both nations.

Creating Free Economic Zones (FEZs) and enhancing connectivity not only aligns with Tehran's strategy of fostering good relationships with its neighbours but also benefits Central Asian countries, Russia, and India, all of which have an interest in transit routes passing through Afghanistan.

Iran-Turkmenistan: How Cultural Ties Can Boost Trade and Political Cooperation

December 11, 2023

In early December, Ashgabat hosted the Intergovernmental Turkmen-Turkish Commission on Economic Cooperation with Turkish delegates, readdressing the potential gas delivery from Turkmenistan to Turkey through Iran. Iran-Turkmenistan's centuries-old relations provide the basis for a long-lasting and profitable collaboration between these two countries.

The decision to proceed toward an agreement over energy transportation not only reinforces bilateral ties but also serves to enhance Tehran's role as a crucial and strategic regional node in the energy landscape.

Background Information

On December 6th, 2023, Ashgabat hosted the 7th session of the Intergovernmental Turkmen-Turkish Commission on Economic Cooperation, attended by top officials from Turkmenistan's key ministries and departments, along with a representative delegation led by Turkey's Vice President Cevdet Yilmaz.

Emphasising that the outcomes of this gathering would further enhance interstate collaboration, the head of the Turkish delegation highlighted the comprehensive nature of Turkmen-Turkish cooperation across almost all domains, which are currently operating at a remarkable level. Affirming the enduring commitment of Turkmenistan and Turkey to their longstanding amicable relations, Commission members delineated specific measures aimed at broadening interactions across promising sectors.

Issues related to Turkmen gas shipments to Turkey were recently discussed during a meeting between the presidents of Turkmenistan and Turkey, Serdar Berdimuhamedov and Recep Tayyip Erdogan, in Ankara. The significance of transporting gas to Turkey through the Caspian Sea was deliberated upon, highlighting the importance of cooperation between Ashgabat and Ankara with Azerbaijan, which possesses Caspian Sea access and shares borders with Iran.

During the December's meeting, Turkmenistan affirmed its interest in augmenting natural gas exports to Turkey, with emphasis on utilising the Korpedzhe-Kordkuy gas pipeline capacity (the pipeline runs from Korpedzhe and Gamyshlydzha fields, Turkmenistan, to

Kordkuy, Iran) therefore involving Iran. In this context, both nations expressed readiness to start negotiations at the agency and company head levels in the near future.

This proposal resonates with the existing gas swap agreement between Iran, Turkmenistan, and Azerbaijan, established in November 2021, which involves Iran supplying 1.5-2 bcm of Turkmen gas to Azerbaijan in exchange for a similar volume.

The General Director of the National Iranian Gas Company (NIGC), Majid Chegeni, reported an increase in gas volumes received from Turkmenistan, reaching 8 mcm per day, with a trial shipment of 10 mcm conducted in August 2023.

Additionally, the Iranian Ambassador to Turkmenistan, Golam Abbas Kholes, expressed the potential to elevate swap supplies from Turkmenistan to 20 mcm per day, confirming Iran and Turkmenistan's interest in bolstering their gas sector partnership.

Geopolitically, Iran-Turkmenistan's prospected cooperation, facilitated by gas transit, presents a strategic avenue that extends beyond bilateral relations, drawing in multiple regional players to shape energy dynamics within the Caspian region and towards Turkey.

Iran-Turkmenistan: Geopolitical Analysis of a centuries-old relation

Iran's regionalism policy reflects its strategic approach to bolstering alliances and influence within its neighbouring regions. With a focus on fostering closer ties and partnerships, particularly within the Middle East and Central Asia, Iran seeks to enhance regional stability while asserting its geopolitical significance.

Simultaneously, its 'Look to East' policy underscores a deliberate pivot towards engaging with Asian nations, notably China and Russia and Central Asian republics, in economic, political, and strategic spheres. This approach aims to diversify Iran's international relationships, tapping into the potential economic benefits and geopolitical support from Eastern powers, creating a more balanced and versatile foreign policy landscape.

Turkmenistan and Iran share a spectrum of collaborative efforts across various sectors. One prominent initiative involves the development of a railway corridor linking Kazakhstan, Turkmenistan, and Iran, substantially bolstering regional connectivity. This corridor not only facilitates trade but also plays a pivotal role in fostering stability and prosperity within the region.

The Islamic Development Bank (IsDB) played a significant role by contributing 370 million dollars to this critical infrastructure project, which holds immense importance for landlocked Turkmenistan by granting it access to seaports in open waters via Iran.

Among the key organisations that are contributing to the growing partnership between Tehran and the Turkish block there is the Economic Cooperation Organisation (ECO), a Eurasian political and economic intergovernmental organisation founded in 1984 in Tehran by the leaders of Iran, Pakistan, and Turkey. It provides a platform to discuss ways for improving development and promoting trade and investment opportunities.

As with the EU, the ECO objective is to establish a single market for goods and services. The ECO's Secretariat and cultural department are in Iran, its economic bureau is in Turkey, and its scientific bureau is in Pakistan. All its member countries are IsDB members. Indeed, the shared Islamic identity, encompassing both Shia and Sunni denominations, along with historical ties, could potentially facilitate increased cooperation and mutual understanding compared to nations belonging to the Western world.

Geopolitical analysts often prioritise assessing the advantages or disadvantages of cooperation between two countries based on their geographical locations and potential economic gains. However, it's crucial not to overlook the significance of shared cultural heritage and historical ties between nations.

This factor has been evident in various instances, such as Russia's connections with post-Soviet space countries and Southern European nations' ties with African Mediterranean states. Similarly, Iran's relations with the Caucasus region, the Middle East, and Central Asia underscore the influence of cultural familiarity and historical connections in shaping cooperative endeavours.

Linguistic connections remain significant. Several Iranian languages and dialects, which previously served as the common language across Central Asian regions, continue to be in use or have left notable imprints on the linguistic foundation of the area.

The Sogdian language, an Eastern Iranian language spoken mainly in the Central Asian region of Sogdia (whose capital was Samarkand) encompassing modern-day Uzbekistan, Tajikistan, Kazakhstan and Kyrgyzstan, and was spoken in cities such as Samarkand, Panjakent, Fergana, Khujand, and Bukhara, even in ancient China thanks to some Sogdian immigrant communities, is one major example.

Another example is the Yaghnobi language, an Eastern Iranian language spoken in the upper valley of the Yaghnob River in the Zarafshan area of Tajikistan.

As for Turkmenistan, we can cite the Khwarezmian language, spoken in the Khwarazm area, a large oasis region on the Amu Darya River delta in western Central Asia. Today Khwarazm belongs partly to Uzbekistan and partly to Turkmenistan.

While some ethnic groups in Turkmenistan are familiar with the Persian language, especially around Ashgabat and Meru, also inside Iran there are ethnic groups with a common language of Turkish or Turkmen people. Indeed, there are Turk ethnicity in Iran, including Azeri, Turkmen and Qashqais.

The Turkmen Ethnic group, a smaller subset of Iranian Turks, predominantly inhabits the northeastern regions of Iran, including areas along the eastern coast of the Caspian Sea and the southern border next to Turkmenistan. This region, referred to as the “Turkmen-Sahra” or the Turkoman Desert, constitutes their primary habitat within Iran.

The Turkmen culture of the past was significantly shaped by both Turkic conquerors, who imposed their language, and Arabs, who enforced the adoption of Islam. Similarly, Persia has also experienced comparable influences throughout its history.

Apart from related economic and infrastructural relations and historical and cultural ties, these two countries have common security concerns. Turkmenistan and Iran have firm stances against Sunni Islamists and ISIS.

Sharing a long border, Turkmenistan is an important partner of Iran to prevent threats in and from the Central Asian region. Afghanistan is a further field of security cooperation between Ashgabat and Tehran, both over terrorism and drug production and smuggling.

Conclusion

Iran is actively seeking to ease economic pressures by exploring new trade routes and bolstering existing historical ones. This pursuit is crucial to diversify its economy, tapping into fresh avenues while maximising the potential of traditional trade routes, thereby reducing dependency and expanding its economic outreach.

Iran-Turkmenistan's shared history spans over a millennium. Following the dissolution of the Soviet Union and the subsequent independence of the Central Asian nations, Iran emerged as a vital nexus for communication with these countries.

Presently, Iran serves as a pivotal juncture where the Central Asian republics link the Caspian Sea with the Persian Gulf, establishing the most practical overland route connecting the Caucasus and Turkey. The geographical proximity, strategic needs, Iran's intermediary role, the limitations posed by water borders, and Turkmenistan's enclosed geography collectively form a conducive environment for cooperation between Tehran and Ashgabat.

Moreover, Turkmenistan holds significant importance as the gateway for Iran to access the Central Asian market. Upon Turkmenistan's declaration of independence, the Islamic Republic of Iran promptly acknowledged and established an embassy in the capital city of Turkmenistan, underscoring the depth of their bilateral relationship.

The presence of a significant population of Turkmen Iranians near the common border and rich cultural ties spanning from languages, religions and traditions play a strategic diplomatic role.

In addition, after Iraq, Iran has the longest border with Turkmenistan, a fact that leads to a geographical interdependence. Cooperation against terrorism (many ISIS fighters were from Central Asian countries) and drug smuggling, which involved also Afghanistan, is vital for the two Eurasian players.

Regional and international organisation such as ECO or the Organisation of Islamic Cooperation (OIC) are useful platform through which Ashgabat and Tehran are enhancing ties.

Despite occasional friction between Tehran and Ankara or Tehran and Baku, Iran's strategic geographical position, coupled with a revitalised Iranian diplomacy centred on neighbouring countries, has paved the way for an expanded Iranian role in the Eurasian market and the development of transit corridors.

Turkey not welcome Tehran's enhanced position, indeed the potential lifting of sanctions on Iran could enable it to compete as an energy corridor towards Europe. However, recent global developments, especially the aftermath of Azerbaijan's offensive on Artsakh/Nagorno-Karabakh, have prompted Ankara and Baku to reassess Iran's involvement in new infrastructure networks.

Furthermore, the International North-South Transport Corridor (INSTC) has likely contributed to an increase in Tehran-Baku cooperation in the Caspian area. The final step

in this reconfiguration is the planned transportation of gas from Turkmenistan to Turkey through Iran.

With this in mind, Iran-Turkmenistan-Turkey's suggested agreement, discussed at the Intergovernmental Turkmen-Turkish Commission on Economic Cooperation, is not surprising. However, should Turkmenistan choose to utilise Iran as its primary transit route in the future, leveraging its ports that connect countries globally, this decision could potentially affect the Middle Corridor.

Iran's Backing of Palestine: a Historical and Ideological Convergence

December 18, 2023

Since 1979, Iran has been the primary advocate of Palestine. This alignment originates from an ideological convergence between the principles of the Iranian Revolution and the Palestinian struggle for freedom. Starting from current events, this report aims to explore the reasons behind Tehran's unwavering support.

Following the October 7th Hamas' attack, Israel has launched an unprecedented bombardment of Gaza and imposed a siege on the enclave. On December 16th, 2023, the documented number of casualties in the Gaza Strip has reached 18.800, while the death toll in the West Bank also surged to 288.

In an attempt to obtain a ceasefire, Iran's Supreme Leader Ali Hosseini Khamenei has multiple times called on Muslim states to cease oil and food exports to Israel, demanding an end to the bombardment of the Gaza Strip.

Iranian President Ebrahim Raisi also spoke by phone with Pope Francis about the war in the besieged Gaza Strip. Raisi told the head of the Catholic Church that supporting the people of Palestine is in line with the teachings of all Abrahamic religions including Christianity.

Responding to accusations regarding Tehran's backing of the Axis of Resistance, Iran's top diplomat, Hossein Amirabdollahian, stated that "it is natural that the resistance groups and movements do not remain silent against all these crimes".

Iran has strongly dismissed the notion of Quds Force involvement in decision making on the Hamas offensive. Still, Tehran expressed support for it.

On November 29th, 2023, during the International Day of Solidarity with the Palestinian People, in his message to the United Nations (UN) the President of the Islamic Republic of Iran, Seyyed Ebrahim Raisi, reiterated the unwavering support of the Iranian nation for the fulfilment of Palestinian aspirations.

In his note, the Iranian President condemned the "extensive civilian massacres, assaults on hospitals, schools, and churches, the deliberate denial of water, food, fuel, and medicine to the people of Gaza, accompanied by forced displacement of thousands of people and the killings of journalists".

Referring to the so-called ‘double standards’ of the Western world, Raisi further condemned the dramatic event in Gaza to unfold before the eyes of the global populace, particularly of certain countries claiming to champion human rights.

Iranian President called upon all United Nations member states to unite their efforts in ending what he referred to as a genocide and the occupation perpetuated by Israel in the last seven decades.

The Islamic Republic of Iran aims to address the “Palestinian issue” through a legal framework, with an initiative proposed to the UN that includes the following points:

- The only definitive and principled resolution to the Palestinian issue necessitates the cessation of the systematic occupation of the historic land of the Palestinian nation;
- The repatriation of displaced Palestinians;
- The unfettered exercise of Palestinians’ right to self-determination;
- Conducting a referendum involving the indigenous people of Palestine, encompassing Muslims, Christians, and Jews.

Iran’s support for the Palestinians began following the Islamic Revolution in 1979. This significant shift in support coincided with the transformation of Iran’s political system from a monarchy to an Islamic Republic. Alongside this political evolution, Iran’s alliances underwent a dramatic and notable change.

Iran’s Support for Palestine: Historical Background

Following the end of British control over Palestine, a pivotal moment emerged when eleven United Nations member countries, including Iran under the Pahlavi monarchy’s rule, were tasked with determining Palestine’s future. Despite Iran being the second Muslim-majority nation to formally recognise Israel following its establishment in 1948 and maintaining a significant relationship with Israel during the monarchy, notably Tehran, in 1947, voted against the UN’s partition plan for Palestine.

The Iranian leadership, even before the Palestinian Nakba (Arabic term for ‘catastrophe’), demonstrated an understanding that endorsing this partition plan would sow the seeds of prolonged regional violence for future generations. They foresaw that the proposed plan would intensify conflicts rather than offer a sustainable resolution.

History affirmed their stance. In 1948, Israel was established, marking a year known internationally as Nakba. Israeli Prime Minister Golda Meir famously claimed in an

interview with The Sunday Times on June 15th, 1969, that “there were no such things as Palestinians...they didn’t exist.”

However, official records show that at least 750,000 Palestinians were forcibly removed from their homes and lands by Israeli Forces, resulting in the capture of 78% of historic Palestine. The remaining 22% was divided into the West Bank, now occupied, and the besieged Gaza Strip. The displaced Palestinians entered a diaspora, with many spending the rest of their lives in refugee camps.

In addition to the conquest of major cities, approximately 530 Palestinian villages were destroyed, and around 15,000 Palestinians lost their lives in a series of large-scale atrocities. The most widely recognised massacre occurred in the village of Deir Yassin.

Ayatollah Ruhollah Khomeini, the leader of the Iranian Islamic Revolution, built his political approach on two fundamental principles: Islam and the defence of oppressed people.

The upheaval that resulted in the downfall of the Pahlavi dynasty stemmed in part from the repressive tactics employed by their government. Khomeini linked the monarchy, which oppressed the Iranian population, to its allies. Under the Pahlavis, in fact, Tehran established robust ties with Tel Aviv and Washington.

The historical cooperation between the Iranian monarchy and Israel originated from the strategic vision of Israel’s Prime Minister, David Ben-Gurion. This strategy, later termed the *periphery doctrine*, aimed to diminish Israel’s isolation in the Middle East. Except for a brief period when Mosaddegh’s government severed ties with Tel Aviv to garner Arab countries’ support in reducing Britain’s influence in the Gulf, Ben-Gurion’s approach proved successful.

From 1960 onwards, the U.S. Central Intelligence Agency advisors provided training to Savak personnel, the Shah’s feared intelligence and security agency. Simultaneously, the Israeli Mossad aided in training individuals focused on interrogations and overseeing infiltration missions within anti-monarchy factions. Geographically, Iran played a strategic role in U.S. espionage endeavours directed at the Soviet Union, leading, among other measures, to the installation of radio listening stations along the northern border.

According to the Iranian Revolution’s principles, the Palestinian people symbolise a population enduring similar unjust oppression that spurred the Iranians’ revolt in 1979.

In Iran's view, the common thread connecting Israel and the U.S. is what they label as 'Western arrogance', a perception directly linked to their historical encounters with Anglo imperialism.

Iran experienced the Anglo imperialism during the early 20th century when the British Empire sought to control Tehran's oil resources and maintain strategic influence in the region.

Additionally, the 1907 Anglo-Russian Entente divided Persia into spheres of influence, granting Britain control over the southern region and oil-rich territories. This agreement significantly curtailed Iran's sovereignty and limited its ability to govern independently.

When analysing modern Iran's stance towards Israel and the U.S., it's crucial for analysts to recognise the profound influence of the nation's collective memory shaped by its historical past. The Iranian population endured oppression under the monarchy, and Persia faced the challenges of foreign imperialism, both of which significantly affect the country's current attitudes.

Supporting the Palestinian struggle or forging ties with African nations that have endured European colonialism stems from the same drivers that sparked the Revolution in Iran.

Moreover, the feeling of oppression within Iranian society is amplified by its religious context. Iran has a Shiite majority, a minority branch of Islam that has historically faced severe persecution from Sunni caliphates. This persecution persists today, exacerbated by terrorist organisations like the Islamic State.

If Islam and the obligation to defend oppressed individuals make up two primary pillars in Khomeini's narrative, the third aspect is the necessity of safeguarding borders against constant threats. In fact, one event that contributed the most to Iranian collective memory is the Iran-Iraq war (1980-1988), when U.S.-backed Iraq invaded Iran.

Notably, the Iran-Iraq war, which exceeded one million deaths, influenced also some Middle Eastern scenarios. According to several studies, for example, anti-Israel/U.S. stances entered the narrative of groups such as *Anṣār Allāh* (the Partisans of Allah), accused of being Iranian proxies in Yemen, after the aforementioned war. The Houthi movement identifies common ground within the Islamic Revolution through the Zaydi concept of *khuruj*, the duty to rebel against an unjust ruler.

Conclusion

Iran views some common roots in the Palestinian cause and its struggle during the Revolution. The Revolution's leadership considers monarchical Iran and Palestine to have experienced the same British and American imperialism.

Particularly, they accuse Washington of having supported the repressive rule of the Shah. As for Jerusalem, the colonising project originated from the Zionist ideology begun in 1917 based on Britain's promise of support for the creation of a Jewish state in Palestine.

The Islamic Republic of Iran, the Iranian Revolution that led to its establishment and Shia Islam, are defined by a prevailing ethos that can be defined as 'culture of resistance'. It is no coincidence that the groups active in the Shiite crescent define themselves as the 'Axis of Resistance'. This highlights how the Iranian Revolution has affected Middle Eastern countries.

Although Hamas is a Sunni Islamist organisation, its declared struggle to free Palestine from Israeli occupation aligns with the political view of the Islamic Republic of Iran.

Furthermore, Tehran multiple times condemned the constant assault on one of Islam's most significant places of worship, al-Haram al-Sharif (the holy mosque), by Israeli settlers. These stances coincide with Hamas' short-term goals to deter Israeli violations of the Al-Aqsa Mosque.

In general, Iran will continue support the Palestinian struggle because, as the government's top diplomat at the United Nations stated, it is part of the DNA of the cause of the Islamic Revolution. Although Tehran affirmed that the war between the resistance and Israel will continue until the end of the occupation, the Iranian leadership stressed that the scope of this war should not extend to civilians.

Iran's efforts to secure a ceasefire and a lasting resolution in Palestine involve urging Muslim countries to cease oil and food exports to Israel, initiating dialogue with Pope Francis to protect all Abrahamic religious faithful in Palestine, and conveying messages to the UN, all aimed at diplomatic channels.

Indeed, the Iranian representative at the UN sees the military strength of the resistance factions as a means to hinder the occupation's expansion and the evacuation of occupied territories, rather than a method to achieve a definitive solution to the issue.

Iran And Egypt Towards the Restoration of Bilateral Relations

December 28, 2023

The recent telephonic exchange between Iranian President Ibrahim Raisi and Egyptian President Abdel Fattah al-Sisi marks a significant moment that underscores the potential emergence of a new chapter in the relations between Iran and Egypt.

This development occurs against the backdrop of the ongoing rapprochement between Tehran and Riyadh, a significant regional shift. Moreover, the Middle East is grappling with a profound crisis stemming from the Israeli-Palestinian conflict, exacerbated by Tel Aviv's military operations in the Gaza Strip.

The leaders' conversation indicates a strategic reassessment of relations in the face of these challenging circumstances, hinting at the possibility of collaborative efforts to address shared regional concerns and fostering stability in the volatile Middle East.

Key Findings

1. Recent communication between Iranian and Egyptian leaders signifies a potential thaw in bilateral relations.
2. Iran's interest in the unconditional opening of the Rafah crossing into Egypt for Gaza Strip residents introduces a critical dimension to the dialogue.
3. Regional stability, following the re-establishment of ties between Iran and Saudi Arabia, may prompt Egypt and Jordan to consider similar rapprochement with Iran.

Background Information

Relations between Iran and Egypt have been largely dormant since the Islamic Revolution of 1979, resuming only at the chargé d'affaires level 11 years later. Despite initial optimism during Egypt's Muslim Brotherhood leadership, differences emerged over Iran's support for Bashar Al-Assad.

On December 23th, 2023, the President of the Islamic Republic of Iran Ebrahim Raisi had a phone call with Egyptian President Abdel Fattah al-Sisi, extending congratulations on his recent re-election. Discussions encompassed not only bilateral matters but also the sensitive situation in the Gaza Strip, reflecting evolving geopolitical dynamics in the region

Middle East, Iran and Egypt: Analysis

The unexpected potential for a diplomatic breakthrough between Iran and Egypt is rooted in shifting regional dynamics, particularly in Egypt's revised approach to Syria under President Al-Sisi and the broader reconciliation trend between Iran and Saudi Arabia. Although the two nations lack ideological alignment, shared regional interests are emerging as a driving force for the prospect of improved relations.

Amidst these developments, the focal point in the Middle East is the situation in the Gaza Strip, where Israel's military operation aims to eradicate Hamas and the Palestinian Islamic Jihad following attacks orchestrated by the Islamic Resistance Movement on October 7th, 2023. Given Iran's historical support for the Palestinian cause and recent security concerns in the region, the potential collision between Tehran and Tel Aviv poses a significant threat to Middle East stability.

The security implications extend beyond the immediate actors, with Egypt positioned at the nexus of potential consequences. Sharing borders with Israel and the Gaza Strip, Egypt would be directly affected by any escalation of conflict between Iran and Israel. The renovation of relations between Tehran and Cairo thus acquires a strategic dimension, potentially acting as a deterrent to further Israeli military operations against Iranian forces in the Middle East.

Conversely, improved Iranian-Egyptian relations have the potential to contribute to regional stabilization, fostering cooperation within the Arab-Muslim world. The evolving dynamics in this complex geopolitical landscape underscore the interconnectedness of Middle Eastern nations and the delicate balance required to navigate regional stability.

Risk Assessment

The potential reopening of the Rafah crossing presents a multifaceted challenge for Egypt, entailing risks associated with the intricate regional dynamics and President Al-Sisi's nuanced position between Western allies and the Arab League.

The apprehension regarding the infiltration of Hamas militants among Palestinian refugees adds a layer of complexity, given the historical ties between Hamas and the Muslim Brotherhood, an entity that faced opposition during Al-Sisi's ascent to power. Striking a delicate balance between regional obligations and internal security concerns,

Egypt must carefully navigate the potential consequences of easing access to the Gaza Strip.

The envisaged rapprochement between Iran and Egypt introduces an additional dimension, raising the spectre of heightened tensions with Israel. In response to perceived threats to its interests, Tel Aviv may formulate an offensive strategy targeting both Iranian military presence in the Middle East and Egyptian influence in Palestine.

A collision between Tel Aviv and Cairo, stemming from increased cooperation between Iran and Egypt, could escalate regional geopolitical risks, with far-reaching consequences for local logistics and transportation. Such developments may have a ripple effect, influencing the broader Eurasian region and necessitating a nuanced approach to mitigate potential fallout.

Scenarios Analysis

1. **Optimistic Scenario.** Diplomatic efforts and regional mediation bear fruit, paving the way for a gradual improvement in Iran-Egypt relations. This positive trajectory could contribute significantly to enhanced stability in the Middle East. Cairo, positioned strategically between Tehran and Tel Aviv, might assume a role as a mediator, fostering dialogue and preventing further deterioration in the region. A successful alignment of diplomatic interests could not only defuse existing tensions but also establish a framework for cooperation that has the potential to positively impact broader regional dynamics.
2. **Stagnation Scenario.** Despite initial diplomatic exchanges, substantive progress in Iran-Egypt relations proves elusive, with both countries maintaining cautious approaches. The lack of tangible improvement may result from persistent differences, ongoing regional complexities, or an unwillingness to compromise on key issues. This scenario implies a continuation of the status quo, with limited prospects for significant breakthroughs in bilateral relations, leaving the region in a state of uncertainty.
3. **Negative Scenario.** Escalation of regional tensions, primarily fuelled by unresolved issues such as the contentious Rafah crossing. This escalation not only hampers any prospects for improved relations between Iran and Egypt but also leads to increased instability in the Middle East. The repercussions of such instability could extend beyond the immediate actors, potentially plunging the entire geopolitical context

within the Middle East into chaos. This, in turn, may create a conducive environment for the rise of terrorist groups and private military companies, exacerbating security challenges across the region.

Conclusion/Suggestions

In conclusion, the potential reopening of the Rafah crossing poses a complex challenge for Egypt, navigating the delicate balance between regional dynamics and internal security concerns. The historical ties between Hamas and the Muslim Brotherhood add layers of complexity, requiring careful consideration in easing access to the Gaza Strip. The envisaged rapprochement between Iran and Egypt introduces an additional dimension, potentially escalating tensions with Israel. To mitigate these risks, continuous monitoring of the evolving geopolitical landscape is imperative to adapt and respond effectively to unfolding events.

From a broader perspective, two sensitive trends have recently emerged in the Middle East: a shift in the Arab League's stance towards Syria and Iran. The Arab bloc is now pursuing a *realpolitik* approach driven by pragmatism and economic interests. Overcoming the friction between certain Arab states and Iran is imperative for regional stability and development.

As for Tehran, this new scenario aligns perfectly with the Raisi government's strategy of 'good neighbourliness'. This strategy is based on intense diplomatic efforts to establish crucial connections and enhance bilateral relations with countries in the Caucasus, Central Asia, and the Middle East.

EAEU-Iran: Towards the Creation of a Full-Fledged Free Trade Zone

January 2, 2024

The recent signing of the Free Trade Agreement (FTA) between the Eurasian Economic Union (EAEU) and the Islamic Republic of Iran represents a significant milestone in Iran's regional economic integration. Tehran's substantial concessions in regulatory and tariff domains, coupled with its imminent BRICS membership, underscore a strategic move towards deeper engagement with Eurasian markets. The FTA aims to elevate trade between the parties, with a focus on agriculture, industry, and non-tariff sectors. This report analyses the geopolitical and regional implications, assesses associated risks, presents potential future scenarios, and concludes with recommendations.

Key Findings

1. The FTA eliminates import customs duties on almost 90% of the commodity nomenclature, showcasing ambitious concessions by Iran and creating a conducive environment for trade.
2. The agreement resulted from the successful implementation and effectiveness of the Interim Agreement since 2019, leading to a substantial growth in mutual trade between the EAEU and Iran.
3. Exclusive conditions for agricultural and industrial goods, along with additional agreements in non-tariff sectors, indicate a comprehensive approach to fostering economic cooperation with Russia, Central Asia and the Caucasus.

EAEU: Background Information

On December 25th, 2023, the Supreme Eurasian Economic Council convened a meeting in St. Petersburg. Following the forum, a FTA was signed between the EAEU and its member states on one side and the Islamic Republic of Iran on the other side.

The FTA builds upon the previous Interim Agreement, which, despite its limited coverage initially, facilitated a significant increase in mutual trade from 2.4 billion dollars in 2019 to 6.2 billion dollars in 2022.

The current FTA will eliminate import customs duties on almost 90% of the commodity nomenclature, representing over 95% of Russia-Iran mutual trade.

Analysis

The FTA signifies a strategic move by Iran towards deeper economic integration within the Eurasian region, a move that aligns with the country's upcoming membership in the BRICS. The emphasis on agriculture and industrial goods, coupled with non-tariff sector agreements, reflects a comprehensive approach to economic collaboration. The agreement not only solidifies Iran's position in the Eurasian markets but also offers substantial opportunities for EAEU countries to access Iran's diverse market and foster economic growth. Tehran had not previously provided any country in the world with concessions of comparable scale in both regulatory and tariff parts. This significance step will contribute to the development of the North-South Economic Belt.

Risk Assessment

The principal risk lies in the potential delay or disruption of the ratification procedures in both Iran and EAEU countries, which could impede the timely enactment of the FTA. Additionally, geopolitical tensions in the region may affect the smooth implementation of the agreement. logistics issues, as well as addressing transit traffic matters.

Scenarios Analysis

1. **Smooth Implementation.** If ratification procedures proceed without significant delays, the FTA's smooth implementation could lead to enhanced economic cooperation, benefiting all parties involved.
2. **Geopolitical Challenges.** Unforeseen geopolitical challenges may hinder the agreement's execution, potentially affecting trade relations and economic collaboration between the EAEU and Iran.
3. **Economic Synergies.** Successful implementation of the FTA could pave the way for further economic synergies, positioning Iran as a key hub for trade and commerce within the Eurasian region.

Conclusion/Recommendations

The signing of the Free Trade Agreement between the EAEU and Iran marks a pivotal moment in regional economic partnerships. To ensure the timely enactment of the agreement, it is recommended that all parties expedite the ratification procedures. Furthermore, ongoing diplomatic efforts should address potential geopolitical challenges, fostering an environment conducive to seamless economic collaboration. As

the FTA comes into effect, stakeholders are encouraged to explore and capitalise on the diverse opportunities presented by Iran's burgeoning market, promoting shared prosperity and economic growth within the Eurasian region.

Terrorist Attack in Iran: A Preliminary Analysis

January 3, 2024

Two bomb explosions near the tomb of Iranian General Qasem Soleimani have resulted in at least 103 fatalities and numerous injuries in Kerman. The incident occurred on the fourth anniversary of Soleimani's US drone strike assassination.

While the responsible party remains unidentified, potential culprits include Arab separatists, Islamic State (IS), or other Sunni jihadist groups. The event follows the recent killing of the deputy leader of Iran-backed Palestinian group Hamas, contributing to heightened regional tensions.

Key Findings

1. At least 103 people killed and 141 wounded in two bomb explosions near Qasem Soleimani's tomb in Kerman.
2. The explosions occurred on the fourth anniversary of Soleimani's US drone strike assassination.
3. The incident heightens regional tensions, coinciding with the killing of the Hamas deputy leader in Lebanon by an apparent Israeli drone strike.

Terrorist Attack in Iran: Background Information

On the fourth anniversary of General Qasem Soleimani's assassination, two bomb explosions occurred near his tomb in Kerman, resulting in significant casualties. Soleimani, formerly the commander of the Revolutionary Guards' Quds Force, played a pivotal role in shaping Iranian policy across the region. The explosions occurred during a procession near the Saheb al-Zaman Mosque, with the exact perpetrators remaining unknown.

Analysis

The geopolitical landscape of the region, marked by historical tensions and power struggles, provides a context for the recent attack. Soleimani's pivotal role in Iranian foreign operations, supporting allied governments and armed groups, could be a motivating factor for various extremist groups.

Heightened tensions in the aftermath of his assassination and the recent killing of a Hamas leader Saleh al-Arouri contribute to a volatile environment. The lack of immediate

claims complicates the attribution of responsibility, necessitating a comprehensive investigation.

Iran's geopolitical significance in the Middle East stems from its strategic location, enabling Tehran to wield influence over the region, focusing on Iraq, Syria, Palestine, and Lebanon. The rise of the Islamic State since 2014 posed a significant challenge to regional stability, as it established a caliphate and directly threatened nearby states. Although concerted efforts have substantially weakened the group, its persistent threat remains in the region.

The withdrawal of US troops from Afghanistan in August 2021, leading to the resurgence of the Taliban and emboldening the Islamic State, has added a layer of complexity. Proximity to Afghan and Iraqi territories compels Iran to intensify territorial control, aiming to protect the Shi'a community from potential violent attacks.

Currently, two prominent challenges have merged in the Middle East: the enduring Israeli-Palestinian conflict and the menacing threat posed by the Houthi insurgency in the Red Sea mark, directly affecting international shipping. These issues underscore a pervasive regional instability that has broader implications.

Recent terrorist attacks have further showed that Iran, despite its geopolitical significance, is not immune to acts of terrorism and violence. The internal security landscape within Iran appears vulnerable, as evidenced by these attacks, revealing potential gaps in the country's security apparatus.

Risk Assessment

The incident poses a considerable risk to both the internal stability of Iran and regional peace. The targeting of a significant cultural and religious figure's tomb indicates a potential escalation in violence and sectarian tensions. Additionally, the attack comes amid broader regional unrest, including the recent Israeli drone strike in Lebanon. The risk of retaliatory actions and further destabilisation in the region is imminent.

Scenarios Analysis

1. **Terrorist Retaliation:** The attack could prompt retaliatory actions from Iran or its allied groups against perceived adversaries, escalating regional tensions.

2. **Internal Unrest:** The incident may fuel internal unrest within Iran, potentially challenging the government's stability and necessitating increased security measures.
3. **Diplomatic Repercussions:** Depending on the identified perpetrators, diplomatic relations in the region may strain, influencing geopolitical dynamics.

Conclusion/Recommendations

Recognising the evolving regional dynamics, Tehran must adopt a nuanced approach in its foreign policy to address emerging threats. Strengthening internal security measures becomes imperative, aligning with the broader goal of upholding regional stability.

This strategic recalibration not only safeguards Iran's national interests but also fosters a secure environment for neighbouring states, particularly Iraq and Afghanistan, which remain susceptible to the malevolent influence of the Islamic State. The situation underscores the interconnected nature of regional security concerns, emphasising Iran's role in suppressing terrorist threats originating from the wider Middle East.

Iran: Implications of Recent Kerman's Attacks and the Islamic State Regional Resurgence

January 8, 2024

Two explosions on January 3rd, 2023, at Kerman's Martyrs' Cemetery in Iran during a ceremony commemorating Qasem Soleimani's death resulted in 84 casualties. The Islamic State claimed responsibility. The attack's significance lies in targeting a symbolic event associated with Iran's fight against terrorism.

Key Findings

1. The Islamic State orchestrated the attack at Kerman's Martyrs' Cemetery in Iran, targeting what the terrorist group referred to as 'polytheists' and their revered leader.
2. The event is a significant strike against Iran and has the potential to incite sectarian tensions in the Middle East.
3. Soleimani's previous assertions about U.S. and Israeli involvement with ISIS resurfaced during the funeral of Kerman's victims, highlighting Iran's perception of ISIS as a proxy of its adversaries.

Background Information

The explosions occurred during a ceremony at Kerman's Martyrs' Cemetery, southeast of Tehran, marking the death anniversary of Iranian Quds Force Commander Qasem Soleimani, killed in a U.S. drone strike in 2020. The Islamic State claimed responsibility, inferring religious motives for targeting 'polytheists.'

The Islamic State media wing Al-Furqan issued a statement titled "And Kill Them Wherever You Find Them" naming the two fighters who wore the explosive vests, Omar al-Mowahid and Sayefulla al-Mujahid.

The attacks occurred a day following the drone strike, killing Saleh al-Arouri, Hamas' deputy leader in Beirut, leading to speculation implicating Israel and the U.S. in Kerman's explosions. However, the attack's methods differed from Tel Aviv's previous targeting of Iranian scientists and industrial sites.

Iran's Supreme Leader Ayatollah Ali Khamenei promised a forceful response. President Ebrahim Raisi echoed Khamenei's stance, stating that Iranian forces would determine the

timing and location of their action. Raisi's remarks followed authorities' announcement of the arrest of 11 suspects linked to the explosions.

Analysis

Carrying out an attack on the anniversary of Soleimani's death holds significant importance. Soleimani, known as the 'anti-terrorism commander' within Iran, had a pivotal role in the region. Two crucial events are noteworthy in this context: the overthrow of Saddam Hussein, which inadvertently led to the formation of a Shiite Muslim bloc in the Middle East, and the rise of ISIS, which facilitated the institutionalisation of Iraq's Shia groups and marked substantial Iranian involvement in Syria.

Before the rise of the Islamic State in 2014, Tehran's involvement in Syria was limited to dispatching military advisors for training Syrian forces. However, as the Islamic State's influence grew, Iran escalated its military presence in the Middle Eastern country, legitimising its involvement through counterterrorism efforts.

After the terrorist group lost control over numerous Middle Eastern territories, seen by Iran as a triumph for the resistance movements in Iraq and Syria against 'Takfiri terrorism,' symbolised by the lowering of Islamic State's flag at Abu Kamal – the group's final stronghold – General Soleimani conveyed a significant message to Ayatollah Khamenei.

In his letter, Major General Soleimani declared the end of the Islamic State's control over Muslim territories. Consequently, the Kerman's attack, the deadliest on Iran since its 1979 Islamic Revolution, orchestrated during a ceremony commemorating Soleimani's death, holds significant symbolism.

The Islamic State remains active not just in the Middle East but also in the Sahel African region.

The resurgence of this terrorist group notably troubled Tehran in Afghanistan, specifically the Islamic State Khorasan Vilayat (ISKP), able to recruit among Iranian Sunnis. This Afghan-linked group has launched multiple attacks on Iran and continues to pose a persistent threat to the country.

In addition, in his letter dated 2017, Soleimani emphasised what he viewed as the forces backing the Islamic State, specifically pointing to the United States and Israel. Presently, during the funeral for the Kerman attack victims, attendees chanted slogans against

Washington and Tel Aviv. This underscores the ongoing belief within the Islamic Republic that considers the Islamic State as a proxy entity affiliated with its adversaries.

Another significant aspect to consider is Iran's approach towards the Islamic State.

Although the Western world perceives the terrorist group as primarily targeting them, their main objective lies in targeting Shia Muslims. Iran, from the outset of its counterterrorism efforts, worked to prevent the crisis from turning into a sectarian conflict, at least in the regional narrative, aiming to garner support from Arab countries and populations in tackling this challenge.

However, the bombing in Kerman specifically targeted the Iranian Shia population at the cemetery where Iranian martyrs of the fight against terrorism are laid to rest. The Islamic State has repeatedly expressed its willingness to destroy Shiite holy sites globally, including the Shrine of Qasem Soleimani, revered as a national hero by many Iranians.

Risk Assessment

The attack on Soleimani's commemoration event indicates heightened risks for Iran. The Islamic State's persistent threat, particularly in Afghanistan and Syria, poses regional instability. The sectarian nature of the attack raises concerns for Shia populations and holy sites, signifying potential escalations in sectarian conflicts.

Scenarios Analysis

- 1. Continued Terrorist Threat:** The Islamic State persists in targeting symbolic events, increasing regional instability and posing risks to Shia communities and holy sites.
- 2. Regional Escalation:** Iran's retaliation against terrorist groups may heighten tensions regionally and increase Iranian presence in neighbouring countries, affecting Middle Eastern dynamics.
- 3. Increased International Involvement:** Heightened attacks may prompt international collaboration against the Islamic State, affecting the broader global security landscape.

Conclusion

In conclusion, the fall of Abu Bakr al-Baghdadi's caliphate in Raqqa marked a significant blow to the physical presence of the Islamic State in the region. However, the group's ideological underpinning remains robust, allowing it to perpetrate attacks on civilian populations in Syria and Iraq.

Significant number of foreign fighters did not return home and are held in camps such as al-Hol in Syria, acting as hotspots for radicalisation and financial activities, with reports estimating around 100 million dollars moved through internal hawalas (money transfer system).

Moreover, the Islamic State originated from the disorder of the Syrian War and the prevailing lawlessness in Syria and Iraq, circumstances that have yet to be fully stabilised.

The Islamic State specifically targets what it considers apostate Muslims, including Shiites. This clarifies why the terrorist organisation chose to attack during the commemoration of Soleimani's death: not only due to the large gathering but also because General Soleimani had established a network of Shiite militias in the Shia crescent to counter the terrorist organisation and directed the strategies against it.

Iran confronts an escalating threat along its borders, with active Islamic State branches in Syria and Afghanistan, alongside persistent efforts to regroup in Iraq. Despite robust antiterrorism measures by Iranian special forces, attacks on cities and sacred sites continue unabated.

While this resurgence of terrorism may divert Iran's attention and resources from other regional engagements, a positive outcome for Western opponents, it poses a shared concern for the global community. Although the Middle East might seem geographically distant, Europe is confronted with the threat of the Islamic State or al-Qaeda loyalists entering through migrant routes originating from the Sahel region.

Collaborative efforts against terrorism provide already an avenue for cooperation between Iraq and NATO. Vigilance and coordinated action against the resurgence of terrorist organisations are imperative to prevent further destabilisation. Monitoring and addressing this persistent threat demand sustained international attention and concerted action.

Iran's Strikes Against Jaish al-Adl in Pakistan

January 17, 2024

Iran's recent military strikes on Jaish al-Adl bases in Pakistan, following earlier actions in northern Iraq and Syria, have escalated tensions in the region. The strikes resulted in casualties, including the death of two children, prompting strong condemnation from Pakistan.

Jaish al-Adl, a Sunni militant group operating in Iran and Pakistan, has historical links to cross-border militancy. The Iranian government considers the group a terrorist organisation and accuses foreign powers, particularly Saudi Arabia and the United States, of supporting it.

Key Findings

- 1.** Iranian strikes on Jaish al-Adl bases in Pakistan escalated tensions, resulting in casualties.
- 2.** Jaish al-Adl, a Sunni militant group, aims to establish an independent Baloch state and opposes the Iranian government.
- 3.** Alleged links between Jaish al-Adl and other militant groups raise concerns about cross-border militancy.

Iran's strikes against Jaish al-Adl: Background Information

Iran launched missile and drone strikes on Jaish al-Adl bases in the Pakistani province of Balochistan, citing attacks on Iranian security forces by the group.

Jaish al-Adl, founded in 2012 by members of Jundallah, opposes the Iranian government, accusing it of discrimination against the Baloch people and fights for independence of Sistan and Baluchistan region. The group's activities include attacks on security forces, kidnappings, and targeted assassinations.

On February 13th, 2019, the group conducted a suicide bombing targeting a bus carrying Iranian Revolutionary Guard Corps (IRGC) personnel, killing 27 people and wounding 13.

In 2023, they carried out an attack on a police station in Zahedan, resulting in the deaths of two police officers. Additionally, a following attack targeted a police station in Rask, located in Sistan and Baluchestan Province, leading to the loss of 11 police officers.

Analysis

Tehran has consistently claimed that extremists opposed to Iran take refuge in hideouts located in the Pakistani border province of Balochistan, where they plan and carry out acts of terrorism against Iran.

The Baluch people, comprising approximately five million individuals, spread across the provinces of Baluchistan in Pakistan, Iran, and Afghanistan, have been linked to the formation of various terrorist groups. These groups, including Jundallah, Jaish al-Adl, and Ansar Al-Furqan, have been involved in targeting the Islamic Republic of Iran.

Jaish al-Adl, also known as the Army of Justice, has asserted responsibility for several significant recent attacks on Iranian territory. The focus of the current Iranian operation was the region referred to as Kouh-Sabz (green mountain) in the Balochistan province of Pakistan. This area is recognised as one of the major hubs for Jaish al-Adl.

Iran has actively engaged in counterterrorism efforts, both domestically and regionally. The Middle Eastern country has implemented strict domestic measures to combat terrorism within its borders, which include robust intelligence gathering, surveillance, and law enforcement operations targeting individuals and groups involved in terrorist activities.

The IRGC, which has been established to protect and ensure the existence of the Islamic Republic and its ideals, plays a crucial role in Iran's counterterrorism strategy. The Quds Force, a special unit within the IRGC, is responsible for extraterritorial operations and has been involved in counterterrorism efforts beyond Iran's borders, such as in Syria and Iraq against the Islamic State.

Considering the geopolitics and regional dynamics, Iran's military actions in Pakistan, following recent retaliatory strikes targeting the Islamic State in Syria and Iraq, indicate a robust response to perceived threats along its borders.

Jaish al-Adl's activities exacerbate tensions in an already volatile region, posing challenges to stability. Alleged links with other militant groups highlight the potential for cross-border implications, raising concerns about regional security.

Risk Assessment

The strikes pose immediate risks, including heightened hostilities between Iran and Pakistan. The death of civilians intensifies the gravity of the situation, increasing the

likelihood of diplomatic repercussions. The broader risk involves the potential for Jaish al-Adl's activities to contribute to regional instability, affecting both security forces and civilians.

Given its geographical location and the presence of volatile regions along its borders, Iran places a strong emphasis on border security. This is particularly relevant in areas like Baluchistan, where the government seeks to prevent the infiltration of terrorists and smuggling activities. Indeed, terrorist attacks aimed at the Islamic Republic often have Iranian border guards as primary targets, making them some of the main victims of such incidents.

Scenarios Analysis

- 1. Diplomatic Resolution.** Diplomatic channels may be activated to address the crisis, leading to negotiations and de-escalation. International mediation could play a role in facilitating dialogue between Iran and Pakistan.
- 2. Escalation.** Continued hostilities may lead to further military engagement, with potential spillover effects on regional stability. Increased violence and a widening conflict could involve other nations, exacerbating tensions.
- 3. Counterterrorism Cooperation.** Regional powers may unite against Jaish al-Adl, engaging in coordinated efforts to counter the group's activities. Enhanced cooperation could mitigate the threat and contribute to stabilising the region.

Conclusion/Recommendations

The Iranian government has often faced challenges from various extremist groups, particularly those with separatist or anti-government agendas. On certain occasions, collaboration with neighbouring countries has resulted in the development of a shared strategy. An example is the agreement reached with the Iraqi government regarding the relocation of camps housing armed Kurdish separatist groups.

The 959 km border shared by Iran and Pakistan poses control challenges. In response, both nations have collaborated in recent years to establish joint border crossings and a shared rapid reaction force, aiming to enhance security in the region.

The internal instability in Pakistan and the conflicting relations among various power groups within the country contribute to the Islamabad government's challenge in

controlling its borders. This difficulty is evident not only in the case of the border with Iran but also extends to its border with Afghanistan.

Pakistan's approach to terrorist groups has been a subject of international concern and controversy. While the Pakistani government officially denounces terrorism and has taken steps to combat extremist elements, there have been persistent accusations of a dual policy, where some groups deemed as proxies have received alleged support.

The presence of the Afghan Taliban and the Haqqani Network in Pakistan has been a source of contention. Pakistan has been associated with groups such as Lashkar-e-Taiba, which has been accused of orchestrating attacks within India. Overall, there are claims that certain elements within Pakistan offer financial and logistical support to terrorist organisations.

While Iran is engaging in diplomatic efforts, these factors may lead Tehran to view Islamabad's genuine commitment to countering Sunni terrorist groups with suspicion.

Given the complex nature of the situation, immediate diplomatic efforts are essential to prevent further escalation. Collaborative counterterrorism measures are crucial for regional stability.

Pakistan-Iran Border Tension: Geopolitical Analysis

January 18, 2024

The escalating tensions between Pakistan and Iran, triggered by cross-border military actions and subsequent diplomatic fallout, have broader regional implications. Pakistan's forceful response, coupled with its nuclear capabilities and geopolitical alliances, introduces complexities, impacting not only bilateral relations but also involving influential stakeholders such as China.

Key findings

- 1.** The cross-border military actions between Pakistan and Iran, stemming from Tehran's missile attack and Pakistan's subsequent strikes, have heightened diplomatic tensions, leading to the expulsion of ambassadors and withdrawal of envoys.
- 2.** The complex dynamics involve not only internal factors, such as political instability and challenges in managing terrorism, but also external considerations, including economic interests, regional trade dynamics, and the delicate role of China as an influential stakeholder.
- 3.** The potential escalation, which includes nuclear capabilities, poses a threat to the already delicate dynamics in the Middle East.

Background Information

On January 18th, 2024, Pakistan declared that it conducted military strikes within Iranian sovereign territory. This action seemed to be a response to Tehran's missile attack on Jaish al-Adl positions within Pakistan. According to the Pakistani Foreign Ministry, it was a 'specifically targeted precision military strikes against terrorist hideouts' in the Iranian province of Sistan and Baluchestan. Specifically, the target were Pakistani origin terrorists calling themselves Sarmachars. The attack resulted in nine fatalities, including three women and four children, all of whom were not of Iranian nationality.

Regarding Tehran's actions, Foreign Minister Amirabdollahian stressed that the target of the cross-border airstrikes were Iranian terrorists present on Pakistani soil and that Tehran did not target Pakistani citizens. The diplomat added that the Islamic Republic of Iran has no tolerance for terrorists operating within the territories of Iraq and Pakistan, posing a threat to Iran's security. Indeed, 'Tehran considers the security of Iraq and Pakistan to be that of the security of Iran'.

Islamabad's forceful response followed the expulsion of the Iranian ambassador and the withdrawal of its own envoy from Tehran. This reaction was prompted by allegations of Iran violating Pakistan's airspace and causing the death of two civilians, according to the Pakistani government.

Analysis

The forceful response from Pakistan, instead of diplomatic channels, reflects concerns about reputation, regional perception, and internal stability. It was imperative for Islamabad not to appear weak in front of regional powers. Amid longstanding internal destabilisation and challenges in managing terrorism, a lack of decisive action could undermine consensus, particularly in the context of upcoming national elections.

Economically, Pakistan faces challenges due to regional trade dynamics. India and Afghanistan are engaging in substantial trade deals with Iran, and the preference for Iranian routes over Pakistani ones by several regional players poses further economic concerns. Apparently, Pakistan's internal instability has led various regional actors to consider Iran as a more politically stable and secure country, suitable for use as a transit hub.

The involvement of China, a significant investor in Pakistan, adds complexity, as regional stability becomes crucial for Beijing's strategic interests.

Various Baloch separatist groups have claimed attacks on projects linked to the China-Pakistan Economic Corridor (CPEC) project in the past, with thousands of security personnel deployed to counter threats against Beijing's interests.

The tension between Islamabad and Tehran creates a challenging scenario for Beijing, considering China's significant agreements with these countries, both members of the Shanghai Cooperation Organisation (SCO).

Finding a solution to the Baloch separatist movements would be a substantial advantage for Beijing. However, the success of the Belt and Road Initiative (BRI) relies on regional stability. An Iran-Pakistan confrontation would undermine this stability, posing a direct threat to the BRI project.

As for Tehran, in the present Middle Eastern scenario, marked by various active fronts (specifically involving Israel and Syria, Israel and Lebanon, in the Red Sea between the Houthis and Western coalition forces, and between Israel and Gaza), Iran is involved on

multiple levels. The equilibrium achieved through an unconventional war, characterised by precise and limited attacks, risks escalating uncontrollably, potentially pushing the country into a full-scale conflict.

Tehran must not overlook the political influence of Pakistan, a longstanding ally of the United States, which holds the potential to bring the case to the United Nations Security Council, as Iraq did.

Additionally, it is crucial to recognise that Pakistan, being a nuclear power, has shown through the Marg Bar Sarmachar operation that it may not always opt for diplomatic resolutions but can resort to the use of force in addressing regional disputes.

In addition, the recent Iranian 'anti-terrorism' operations conducted in foreign territories, including Syria, Iraq, and Pakistan, bring additional scrutiny to Iran's ballistic missile program, not a favourable outcome for Tehran. Notably, despite the expiration of United Nations sanctions in October 2023, the European Union chose to uphold restrictions on Iran concerning nuclear, conventional, and missile weapons.

Overall, it is probable that the existing lack of mutual trust, rooted in ideological and political differences, will persist between the two countries. Nevertheless, working towards stabilising the common border and reducing tension could yield positive outcomes for both nations.

Risk Assessment

The country's risk for both Pakistan and Iran is significant, marked by the recent military strikes, diplomatic fallout, and the expulsion of ambassadors. Pakistan's internal instability, coupled with its nuclear capabilities, adds a layer of complexity, making the situation precarious. For Iran, the risk lies in potential diplomatic isolation and the impact on its engagements in various Middle Eastern dynamics.

Regionally, the risk involves China, whose strategic interests could be affected by escalating tensions. Additionally, with the current destabilisation of the broader Middle East, an escalation between Tehran and Islamabad further complicating the security landscape.

Scenarios Analysis

Diplomatic De-escalation. Pakistan and Iran engage in diplomatic efforts, facilitated by international mediation, leading to a reduction in tensions and a return to normalcy in bilateral relations. This would require concessions from both sides.

Economic Reconciliation. A scenario where economic considerations become paramount, compelling regional stakeholders to prioritise stability for the success of trade, drive diplomatic resolutions.

Escalation and International Intervention. In this less optimistic scenario, tensions escalate further, risking a broader conflict. External actors, such as the UN or influential nations, intervene to mediate and prevent further deterioration, but the region faces prolonged instability with potential spillover effects.

Conclusion/Recommendations

Given the intricate geopolitical landscape, diplomatic resolution is imperative to prevent further escalation. Mediation by common partner-countries might be pursued to address underlying issues comprehensively.

Regional stability, especially along common borders, is crucial for long-term benefits. Pakistan and Iran must collaborate to rebuild mutual trust and jointly address the terrorist groups affecting both nations.

Simultaneously, Tehran and Islamabad should consider developing a new strategy to stabilise the region inhabited by the Baloch ethnic minorities. Meeting some needs of the Baloch population and enhancing their living conditions could potentially mitigate the separatist tendencies within these groups.

Geopolitics of Iran's Space Strategy

February 5, 2024

The global space sector is experiencing rapid and continuous growth. The objects being dispatched into our atmosphere comprise satellites, crewed spacecraft, probes, and space station flight equipment. Besides its groundbreaking research on habitable exoplanets, the space sector also offers essential services in the modern era, such as cellular connectivity, satellite imaging, and GPS technology.

The recent satellite launches at the Imam Khomeini Space Centre in Iran's Semnan Province serve as evidence of Tehran's progress in its 10-year space vision plan, aimed at fulfilling both civilian and military requirements.

Background information

On January 28th, 2024, Iran has successfully launched one satellite (Mahda) and two nano-satellites (Kayhan-2 and Hatef-1) using the Simorgh (Phoenix), its carrier rocket developed by the Ministry of Defence and Armed Forces Logistics.

The event followed the earlier launch of the Sorayya satellite, which marked the first time that Iran put a satellite in the 750-km orbit above the earth's surface. Sorayya was launched into the space using Ghaem-100 satellite carrier built by the Aerospace Unit of the Islamic Revolution Guards Corps (IRGC). The IRGC launched the first Iranian military satellite, Noor-I, in April 2020, and Noor-II in March 2022.

The primary aim of these satellites is the evaluation of communication and geopositioning technology. As per official sources, the testing of cargo delivery to space will also include an assessment of its effectiveness.

The United States, Russia, and China are at the forefront of space exploration spending, with the United Kingdom, Japan, France, and India trailing closely behind.

Iran and the Space: Geopolitical Analysis

Iran aims to bridge the gap with the world's leading nations in the race for space dominance. The development of Tehran's space sector will not only support civilian technology but also enhance its military capabilities.

Despite the current absence of legal frameworks governing space policies in international law, the United Kingdom, France, and Germany have jointly denounced Iran's recent launch of the Sorayya satellite utilising the Ghaem-100 Space Launch Vehicle (SLV).

The rationale behind this action is rooted in the perception of Western countries, who view the Iranian space program as a potential threat. Specifically, the SLV uses technology essential for the development of a long-range ballistic missile system, which could allow Tehran to launch longer-range weapons.

Iranian Foreign Ministry spokesperson Nasser Kanani stated that achieving scientific and research progress, including in aerospace is Iran's definite and lawful right.

The principles of general international law apply in the realm of space. However, multiple treaties and conventions have been implemented to specifically address and govern the international exploration and utilisation of space, such as the *Outer Space Treaty*. This Pact provided the basic framework on international space law, covering legal foundations such as the peaceful use of space, the freedom of exploration of space, and the basic responsibility and liability of states for launching space objects.

Nevertheless, the notion of advocating for arms control in space is frequently regarded as contradictory in light of the actions and rhetoric exhibited by states possessing advanced space capabilities.

Unlike some other countries with satellites, the Iranian space program includes the active involvement of the Ministry of Defence. Nevertheless, Kanani highlighted the utilisation of peaceful technologies in scientific and research advancement, aligning with international standards and regulations.

Undoubtedly, the acquisition of Tehran's satellites will enhance Iran's military's targeting capabilities and regional monitoring capacity.

Still, the Middle Eastern country is aligning itself with a growing number of nations aspiring to become space powers. As corporations assume the forefront in this emerging domain, the dynamics of space launches are undergoing transformation. When examining the cumulative number of objects launched into orbit by various nations, Iran does not even place within the top ten among these entities.

The spatial domain is increasingly being regarded as an extension of earth's geography, with the United States, China and Russia emerging as the predominant contenders. The

space has not only become central to communication but has been also the stage of new weapons' tests.

Considering the lack of universally accepted regulations pertaining to this competition, which also encompasses the exploration for scarce resources such as rare metals and water, it is highly improbable for Iran to abstain from involvement in the upcoming phase of geopolitical rivalry.

While government funding remains the primary source of revenue for the space activities of leading actors, there is a rapid growth in investment from private enterprise. Hence, it is not surprising that the Iranian space program heavily relies on the IRGC and the Defence Ministry of Iran, given the country's strategic response to sanctions, which involves a significant budget allocation to enhance deterrence capabilities.

Conclusion

Policymakers must adjust to the ever-changing global order. Iran, a nation that prides itself on its military capabilities and technological advancements, despite sanctions and limited access to international expertise, refuses to be left behind in the space race. The space race, indeed, represents the last frontier in the geopolitical dynamics among major powers.

Nations seeking to enhance their nuclear capabilities will prioritise the procurement of helium-3, which can be allegedly utilised for nuclear fusion, generating greater energy output than nuclear fission with reduced levels of radioactivity. Alongside the discovery of rare minerals and water, the space will also offer lucrative opportunities such as tourism.

In the military field, the conflict in Ukraine has underscored the importance of satellites as

necessitating the protection of these vital technologies against potential attacks.

Given these considerations, it is highly improbable that international actors would dissuade Iran from pursuing a more extensive role in space endeavours, whether it be for communication, scientific, or military purposes.

Furthermore, the attacks on Iran's interests all over the Middle East in recent years, have demonstrated the crucial role of the surveillance and communication sector in the country's regional strategy, which will greatly benefit from advancements in these areas.

It is foreseeable that the future will witness the realm of space becoming a primary arena for rivalry between Iran and Western nations.

Opening of Eurasian Economic Union (EAEU) Trading Houses in Iran: An Intelligence Assessment Report

February 14, 2024

The recent suggestion to open an Eurasian Economic Union Trading House in Iran underlined the organisation's commitment to increase trade and cooperation with the Islamic Republic and the positive and increasing relations between Moscow and Tehran on different issues related to the Eurasian geopolitical chessboard.

This initiative aims to capitalise on the exclusive market access conditions secured through the FTA, anticipating a substantial increase in bilateral trade. The report evaluates the geopolitical and economic implications, identifies challenges and opportunities, and conducts a risk assessment to provide strategic insights.

Background Information

On February 9th, 2024, during the international forum "Russia 2030 and the New World Economic Order: Key Factors and the Role of Business" held in Moscow, the Minister of Trade of the Eurasian Economic Commission (EEC), Andrey Slepnev, proposed the establishment of EAEU Trading Houses in Iran and other promising partner countries, following the signing of a comprehensive Free Trade Agreement (FTA) in December 2023. The Free Trade Agreement (FTA), signed on December 25th, 2023, builds upon the previous Interim Agreement and has significantly boosted mutual trade between EAEU and Iran. Slepnev's call for the establishment of trading houses underscores the need for a sustained approach beyond a single agreement to foster continued economic growth and collaboration.

Geopolitical and Economic Implications

Slepnev's vision for the establishment of a trade house aligns with a broader strategy to amplify economic ties and elevate the EAEU's standing in Iran. Beyond immediate economic gains, this proposal positions the EAEU as a central player in shaping the future economic order in the Eurasian region.

The move signifies a geopolitical shift, demonstrating an inclination towards increased collaboration and economic integration. By strategically opening a trade house in Iran, the EAEU seeks not only to exploit economic opportunities but also to enhance its

geopolitical influence, marking a calculated step towards regional dominance in the evolving economic landscape.

The significance of this proposal extends beyond the realm of commercial transactions; it symbolises a commitment to fostering enduring partnerships with Iran. The establishment of a trade house represents a multilayered strategy that goes beyond traditional trade agreements, aiming to create a dynamic hub for economic activities, knowledge exchange, and cultural interaction.

This strategic move aligns with the broader objective of the EAEU to play a pivotal role in shaping the future economic dynamics of the Eurasian region, offering member countries an opportunity to solidify their positions on the global economic stage through a strengthened presence in Iran.

Challenges and Opportunities

The elimination of import customs duties on almost 90% of the commodity nomenclature through the Free Trade Agreement (FTA) between the Eurasian Economic Union (EAEU) and Iran paves the way for extensive economic opportunities.

However, the proposal to open trading houses brings forth a set of challenges that must be addressed to ensure the initiative's success. Logistical intricacies, including supply chain management and transportation, regulatory compliance, and cultural nuances, present formidable hurdles that require meticulous consideration.

Despite the challenges, the establishment of trading houses presents an unparalleled opportunity to create exclusive conditions for market access. These dynamic platforms are poised to act as catalysts for business development, fostering a conducive environment for networking and knowledge exchange.

The prospect of leveraging the trading houses as multifaceted hubs underscores the strategic value of this initiative, extending beyond mere commercial transactions. Balancing the intricacies of logistical, regulatory, and cultural challenges against the potential economic benefits becomes a critical aspect in the comprehensive planning and execution of the proposed trading houses.

The success of the initiative hinges on adeptly managing these challenges to unlock the full economic potential and establish a lasting presence in the targeted markets.

In essence, the challenges and opportunities inherent in the proposal to open trading houses represent a delicate balancing act. The complexities of navigating logistical, regulatory, and cultural hurdles are counteracted by the potential economic benefits that can be harnessed through these strategic platforms.

The success of this initiative lies in the meticulous management of challenges, ensuring that the trading houses serve as dynamic engines for economic growth, innovation, and collaborative development within the EAEU-Iran economic landscape.

Conclusion

In conclusion, Minister Andrey Slepnev's proposal to establish EAEU Trading Houses in Iran and other promising partner countries, following the comprehensive Free Trade Agreement (FTA) of December 2023, underscores Moscow and Tehran's desire to deepen economic collaboration and geopolitical influence in the Eurasian region.

The FTA has set the stage for a substantial increase in bilateral trade, with Slepnev envisioning a significant growth trajectory from the current \$6 billion to a targeted \$18-20 billion within the next few years. The proposal, originating from the international forum "Russia 2030 and the New World Economic Order," reflects a commitment to a sustained approach beyond singular agreements, emphasising the necessity of continuous economic growth and collaboration.

Looking ahead, the geopolitical and economic implications of establishing EAEU Trading Houses in Iran are profound.

In addition, Slepnev's vision aligns with Tehran's recent policies. The Middle Eastern country aims to ease its international isolation by fostering alliances with regional partners who hold great interest in the potential of the Islamic Republic and its strategic location. Various strategic actors across regions like China, Russia, Central Asian republics, and the Caucasus are actively seeking closer cooperation with Iran.

While some countries have experienced a saturation of markets because of a constant influx of foreign direct investments, Iran's years of isolation have resulted in numerous untapped opportunities in strategic sectors for investment. Despite the global attention paid to the oil and gas sector, Tehran presents a diverse range of market segments that can foster profitable collaborations and facilitate import-export growth.

The expansion of the regional network contributes to enhanced stability as a secondary outcome. Countries like Saudi Arabia and Azerbaijan have strategically taken advantage of improving relations with the Islamic Republic in exchange for clear economic benefits, infrastructure development, and enhanced security ties.

However, the success of this initiative hinges on effectively addressing challenges while harnessing opportunities. The elimination of import customs duties through the FTA provides extensive economic opportunities, yet the logistical, regulatory, and cultural challenges associated with opening trading houses demand meticulous consideration.

Balancing these intricacies will be critical to establishing a robust foundation for the trading houses, ensuring they serve as dynamic engines for economic growth, innovation, and collaborative development within the EAEU-Iran economic landscape. The proposal offers a delicate but promising balancing act, marking a pivotal juncture in shaping the future economic dynamics of the Eurasian region.

Iran: Special Economic Zones and Trade-Industrial Free Zones Map



Figure 10 Qeshm, Deputy CEO Economy & Investment, October 2023. Credits: SpecialEurasia

March 31, 2023

Iran has been making great strides towards bolstering its economy and proving itself an attractive investment destination. The key factors driving the country's economic growth are the Iran Special Economic Zones and the Iran Trade-Industrial Free Zones.

Iran Special Economic Zones: an overview

The Iranian Special Economic Zones (SEZs) are strategic platforms that offer various privileges and incentives to domestic and foreign investors, intending to create a conducive environment for industrialisation, job creation, and technology transfer.

Firstly, SEZs provide investors with favourable business and market conditions. The zone contains world-class infrastructure and facilities that offer investors a hospitable business environment. Furthermore, the government provides incentives such as tax holidays, customs exemptions, and a simplified regulatory framework to attract investors to the zone. These incentives cushioned businesses from the rigid business environment they would face in other parts of the country.

Secondly, SEZs can potentially attract Foreign Direct Investments (FDIs) into the country. The government has designed the zone in a way that seeks to attract foreign investors. ISEZ has been designed with the modern global economy in mind, encouraging

technology transfer and innovation. Foreign investors are also given incentives such as free zone status and other perks to solidify their decision to invest in Iran.

Thirdly, SEZs are serving as significant jobs creator in Iran. The establishment of ISEZ has increased industrialisation in the country, which has, in turn, created new job opportunities. The economic zones have successfully developed businesses and employment opportunities in the region, which would not have been possible without ISEZ.

Iran Trade-Industrial Free Zones: an overview

Iran Trade-Industrial Free Zones (or Free Trade Zones – FTZs) were established in 1993 to boost economic growth by creating a more favourable environment for international trade and investment. Since then, Iran has set up seven free zones, including Kish Island, Chabahar, and Qeshm Island, which have become critical platforms for attracting foreign investment and promoting exports.

Iran Trade-Industrial Free Zones offer various incentives to foreign investors, such as tax and customs exemptions, lenient labour regulations, and simplified administrative procedures. Furthermore, they allow foreign companies to own and manage their ventures without a local partner. These factors make it easier and more cost-effective for foreign investors to establish their businesses in Iran, especially compared to other countries.

One of the main advantages of Iranian Trade-Industrial Free Zones is their strategic location, which provides access to Middle East, Central Asia, and Europe markets. This makes them ideal for companies looking to expand their operations into these regions. The free zones also offer excellent infrastructure, including modern ports, airports, and highways, which facilitate the movement of goods and raw materials.

The Iran Trade-Industrial Free Zones have significantly contributed to the growth and development of Iran's non-oil exports, reaching almost \$47 billion in 2019. These zones have boosted the country's economy by increasing foreign investment and creating new jobs, which has led to the region's overall prosperity. With the continued improvement of Iran's economic environment, the Free Trade Zones remain a key tool in attracting foreign investors and promoting economic progress.

Geopolitical scenario

Special Economic Zones (SEZs) and Free Trade Zones (FTZs) have become increasingly popular tools for countries seeking to attract foreign investment and enhance their economic growth. Iran is no exception to this trend, having established several SEZs and FTZs nationwide in recent years.

Iran's SEZs and FTZs are a means to attract foreign investment, particularly in the face of Western sanctions. These zones offer tax incentives, streamlined bureaucracy, and access to cheap labour, among other benefits. However, geopolitical factors also play a role in the success of these zones. For example, Iran's proximity to China and Russia allows it to tap into their economic and political networks, potentially offsetting the effects of Western sanctions.

Furthermore, Iran's location as a crossroads between the Middle East, Central Asia, and South Asia also presents opportunities for its SEZs and FTZs to serve as transit points for goods and services. In this context, a possible Iranian membership in the Eurasian Economic Union and the Shanghai Cooperation Organisation might support Tehran's strategy to promote its SEZs and FTZs, attract FDIs, and connect the country to different emerging markets.

However, challenges remain for Iran's SEZs and FTZs, particularly amid heightened tensions with the United States and its allies. Sanctions may limit the ability of foreign companies to invest in Iran, while geopolitical tensions may discourage some investors from doing business with the country altogether.

Nevertheless, the political will to develop these zones remains strong, as evidenced by recent efforts to establish a new SEZ near the port of Chabahar. Ultimately, the success of Iran's SEZs will depend on several factors, including geopolitical developments, internal reforms, and the willingness of foreign investors to take the risk.



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