Iranian Foreign Policy since the
Iranian Islamic Revolution: 1979-2006

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Abstract
This article analyzes Iranian foreign policy since the Iranian Islamic revolution of 1979. The main questions to be dealt with are: what influences has the Iranian Islamic revolution had on foreign policy orientation and formulation of the Islamic Republic of Iran? What influences has Shi‘ism had on foreign policy formulation in Iran? What impact have Supreme Leader Ayatollah Ruhollah Khomeini, and the three presidents Hojjatoleslam Ali Akbar Hashemi Rafsanjani, Hojjatoleslam Mohammad Khatami, and Mahmoud Ahmadinejad had on foreign policy orientation? Have there been major shifts in foreign policy orientation during their tenures or has the overall foreign policy approach that was introduced by Khomeini after the revolution in 1979 remained the same? The article will first discuss the history of Shi‘ism in Iran and its impact on politics since the introduction of Islam as state religion in the beginning of the sixteenth century by the Safavid Empire. It will then give an introduction to power relations in Iran since the Iranian Islamic revolution and analyze foreign policy orientation in Iran in four phases: (1) from 1979 to 1989, when Khomeini was the Supreme Leader; (2) from 1989-1997, during the presidency of Rafsanjani; (3) from 1997-2005, during the presidency of Khatami; and (4) since Ahmadinejad’s presidency began in 2005.

Keywords
Iran, foreign policy, Persian Gulf countries, United States, European Union, Shi‘ism

Introduction
This article analyzes the foreign policy of the Islamic Republic of Iran (IRI) since the Iranian Islamic revolution of 1979. The main questions to be raised in this article are: what influence has the Iranian Islamic revolution had on foreign policy orientation and formulation of the IRI? What impact have Supreme Leader Ayatollah Ruhollah Khomeini, and the three presidents Hojjatoleslam Ali Akbar Hashemi Rafsanjani, Hojjatoleslam Mohammad Khatami, and Mahmoud Ahmadinejad had on foreign policy? Have there
been major shifts in foreign policy orientation during their tenures or has the overall foreign policy approach that was introduced by Khomeini after the revolution in 1979 remained the same? What is the impact of “Shi’ism” on foreign policy formulation?

The Islamic revolution can be partly understood as one in a series of events in reaction to the domination of Iran by foreign powers and exploitation of its wealth and resources by foreign firms. These events were the Tobacco Monopoly revolt (1890-1891), the Constitutional revolution (1905-1906), the Oil Nationalization Movement of Prime Minister Mohammad Mosaddeq (1951-1953), and the Iranian Islamic revolution (1978-1979). In all four revolts/revolutions, the ulama (clergy), as representatives of the nationalist movement, played a prominent role.

All of these events were intimately linked to Iran’s historical experience of foreign influences and penetration: first, its rivalry with other empires (e.g. the Ottoman Empire); then, over the past 200 years, interference in its internal affairs by France, Russia, Britain, and the United States (US). They were also influenced by failed attempts at modernization, first in the nineteenth century by the Qajar Shah, and later after the disintegration of the Persian Empire and the establishment of Iran as a nation state by the two Pahlavi Shahs (Reza Shah, 1921-1941, and Mohammad Reza Shah, 1941-1979) (see also this issue’s Introduction).

During the reign of the last Shah—Mohammad Reza Shah—Iran was a close ally of the US and aspired to a prominent position in the Persian Gulf region. The Iranian revolution was a total break with the Shah’s policy. Generally speaking, post-revolutionary Iran’s foreign policy approach can be summarized as follows: in the first ten years after the revolution, when Khomeini was the Supreme Leader, it was dominated by two main ideological principles: (1) “Neither East nor West but the Islamic Republic,” which translated in particular into an aversion to Western (US) influence; and (2) “Export of the Revolution,” in order to free Muslim countries and non-Muslim countries from their “oppressive and corrupt rulers.” The second principle served as a means of mobilizing the Iranian people to support the eight-year war with Iraq (1980-1988). Thus foreign policy orientation during the first ten years after the revolution was mainly ideologically driven, inspired by a certain interpretation of the Shi’i ideological doctrine to be explained below. During the presidency of Rafsanjani (1989-1997), a more pragmatism approach prevailed, focusing on post-Iran-Iraq war economic reconstruction and the country’s reintegration into the international economy. A priority of Rafsanjani’s foreign policy was to improve relations with Persian Gulf countries, especially Saudi Arabia, but also with the newly independent states of Central Eurasia.
Khatami’s presidency (1997-2005) aimed to continue Rafsanjani’s foreign policy towards its neighbors, but also to improve relations with the European Union (EU) and its member countries. Nevertheless, even during these two presidencies, the Shi‘i ideological doctrine, embedded in a nationalist yearning that rejects any “Westernization” of the country and Iranian people, still prevailed among some elements of the Iranian political elite, preventing major changes in foreign policy orientation. With the election of Ahmadinejad in 2005, some shifts in foreign policy orientation can be noted: a shift away from the pragmatic approach under Presidents Rafsanjani and Khatami to a more hostile attitude towards the West and Israel. This article opens with a historical overview of Shi‘ism’s influence on Iranian foreign policy, followed by an introduction to the structure of power relations in Iran and, more specific, the structure of foreign policy decision-making. It then analyzes the foreign policy of the IRI in four phases: (1) from 1979-1989, when Ayatollah Ruhollah Khomeini was the Supreme Leader; (2) from 1989-1997, during the Presidency of Hojatolislam Hashemi Rafsanjani; (3) from 1997-2005, during the Presidency of Hojatolislam Mohammad Khatami; and (4) since Ahmadinejad’s presidency began in 2005.

**The Role of Shi‘ism in Iranian Foreign Policy: Illusion or Reality?**

The IRI is the only country in the world in which Shi‘ism is the state religion and an extensive Islamic revolution has taken place. A theocratic state based on politicized Islam, the IRI stands in contrast to the earlier secular Iranian political regime of the Shah period and its foreign policy orientation discussed above.

What impact has the Islamic revolution of 1979 had on Iran’s foreign policy? Is foreign policy in Iran dominated by ideological considerations based on Shi‘ism? Or, as in any other country in the world, is foreign policy determined by geo-strategic considerations? In fact, the foreign policy of the IRI has been greatly influenced by the Islamic revolution and its ideology, but how political is Shi‘ism? Has it really driven foreign policy in Iran since the Islamic revolution, or rather is it a component of the nationalist movement that has been fighting Western influence and domination since the late nineteenth century?

For a better understanding of the politicization of Shi‘ism, I will provide an overview of Shi‘ism’s historical roots of Iranian politics.

Historically speaking, Shi‘ism is an Arab phenomenon: the language of the imams and theological literature is Arabic, most of the holy sites of Shi‘ism are on Arab territory, and many of the great ayatollahs have Arab ancestors and speak Arabic fluently (Roy 1996/1999).
Originally in Islam there was no distinction between state power and religious thought (Lambton 1980). Prophet Muhammad, who was both Islam’s spiritual and temporal leader, established the religion’s essential principles. After the death of Muhammad the legitimacy of his successor was disputed between the Shi‘i and the Sunni branches of Islam (see article 5 by Aminnezh and Eisenstadt).

Shi‘ism became politically institutionalized in Iran in 1501, when Shah Esmail I founded the Safavid Empire and adopted Shi‘ism as the official state religion in order to distinguish the Empire from its main competitor, the Sunni Ottoman Empire. Since the founding of the Safavid Empire Shi‘ism has served as a means of national identity and state-building (Thual 2002: 33).

The politicization of Shi‘ism can be traced back to four developments within this sect: (1) the triumph of the usuli over the akhbari; (2) ijtihad; (3) marja-e taqlid; and (4) the khums. In the seventeenth and eighteenth centuries, a theological debate emerged among the Shi‘i clergy with regard to the right to interpretation (ijtihad). Two schools developed out of this debate, the akhbari and the usuli. The akhbari believed that since the disappearance of the Twelfth Imam there was no right to interpretation and that the hadith (the tradition of words and deeds of the Prophet Muhammad) was sufficient as a legal source of Islamic jurisprudence (fiqh). Therefore, it was not necessary to follow the interpretations of a mujtahed (the highest learned clergy). In contrast to the akhbari, the usuli believed in ijtihad and the leadership of the mujtahed. The usuli argued that religion had to be interpreted based on current circumstances. The usuli ultimately won the dispute between the two theological schools (Keddie 1995: 97-98) and legitimized policy formulation within Shi‘ism (Mirbaghari 2004: 557).

The victory of the usuli over the akhbari paved the way for the creation of the modern Shi‘i clergy and the formation of an autonomous clerical body separate from the state. Only the mujtahed or ayatollah, and later, in the mid-nineteenth century, the centralized leadership marja-e taqlid (the source of imitation), had the right to ijtihad, and each believer had to follow their interpretations (Roy 1996/1999: 171; Mirbaghari 2004: 557).

The centralization of power among the clergy was accompanied by financial centralization, which rendered the clergy financially autonomous from the state owing to the concentration of the khums and zakat (religious tax) in the hands of the marja-e taqlid. The khums are unique to Shi‘ism. Originally, the khums (which is one-fifth of a Shi‘i Muslim’s annual net profit) were paid by Iranians to local and provincial ulama. With the emergence of the marja-e taqlid, the khums became concentrated in the hands of the marja‘ (Enayat 1982). The khums brings the clergy and the lay population into direct contact.
In particular, members of the traditional economic sector, the bazaari, have used the khums to increase their influence in politics. Furthermore, the financial dependence of the ulama on the bazaari has made them reluctant to support policies that could go against bazaari interests. At the same time, however, the independence of the ulama from the state through the khums has given them the freedom to act independently from the state, which was particularly important during times of political crises (Mirbaghari 2004: 557): the Tobacco revolt, the Constitutional revolution, the Oil Nationalization Movement of Prime Minister Mosaddeq and the Iranian Islamic revolution.

Shi'ism's politicization culminated in the 1960s with Ayatollah Khomeini's concept of velayat-e faqih (the governance of the jurisconsult). The origins of the velayat-e faqih system can be traced back to the discourse between the usuli and the akhbari schools of thought in the eighteenth century. It was Khomeini, however, who developed the concept to a political project and institutionalized it in the IRI (Arjomand 1988: 193-203). With his concept of velayat-e faqih Khomeini radically broke with the traditional Shi'i dogma concerning political power (Khomeini 1363/1979).

According to the theory of velayat-e faqih, the Supreme Leader (vali-e faqih) is the legal leader of the ummah (Islamic community). His function is thus equal to that of the imam. After the revolution the system of the velayat-e faqih became the main principle of the IRI's political structure and until now has been one of the major obstacles to structural change in Iran.

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1 See article 5 by Aminéh and Eisenstadt, notes 4 and 5, on the role of the bazaar in socio-economic affairs.
2 In the nineteenth century the Qajars granted concessions to Britain for tobacco. Mirza Hassan Shirazi, the source of emulation at the time, issued an edict that forbade Shi'i Muslims in Iran to smoke tobacco. Because of public pressure, the government finally withdrew the concessions. For the role of the ulama in the Tobacco Movement, see Keddie, N.R. 1966 Religion and Rebellion in Iran: The Tobacco Protest of 1881-1882. London: Frank Cass.
4 In the beginning of the 1950s Prime Minister Mohammad Mosaddeq nationalized the British-owned and operated Anglo-Iranian Oil Company. He was removed from power by Mohammad Reza Shah in cooperation with the British and US intelligence agencies; see Gasiorowski, M., and M. Byrne 2004 Mohammad Mosaddeq and the 1953 Coup in Iran—Modern Intellectual and Political History of the Middle East. Syracuse: Syracuse University Press.
6 On Khomeini's thoughts and ideas on velayat-e faqih, see Khomeini, R. 1979 The Leadership
The Structure of Power Relations in Iran

The Iranian Islamic revolution caused a fundamental change in the composition of the Iranian political elite whose secular oriented members were replaced by mainly traditionalist clergies and lay persons. Thus it brought about a change in the mode of rule but did not change authoritarian Iranian state-society relations. On the one hand, the post-revolutionary Iranian political elite has introduced a semi-theocratic mode of rule based on the principle of the velayat-e faqih, institutionalized according to the constitution of 1979. On the other hand, the IRI's political institutions are based on a modern state that finds its origins in the constitution of 1906. According to the theory of velayat-e faqih, it is the supreme leader who ultimately decides on important foreign and domestic affairs. Thus state power is in the hands of one person. In July 1989—after the death of Khomeini and the end of the war with Iraq—the Iranian constitution was revised, the office of prime minister abolished and his tasks taken over by the president, giving the president more decision-making power. Now the president is the head of government and appoints and dismisses ministers (who have to be confirmed by parliament). He controls the Planning and Budget Organization, appoints the head of the Central Bank, and chairs the Supreme National Security Council (SNSC, shura-e amniat-e melli). Formally, the presidency is the second most influential political office, but the president cannot make final decisions on foreign policy and has no control over the armed forces (Milani 1993: 86-89, 94). The IRI’s political power structure is composed of connected but also competitive formal and informal political power centers. The formal political power centers represent state institutions and their aligned institutions: the religious supervisory bodies, the republican institutions, and the religious foundations (bonyadi).

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7 The SNSC has twelve permanent members that coordinate governmental activities in defense, the intelligence services, and foreign policy. The president acts as the chairman of the SNSC. The supreme leader has personal representatives at the SNSC.

8 The religious supervisory bodies can be discerned as two groups: the three decision-making and advisory institutions: the Council of the Guardian, (shura-ye maalahat-e nezam), the Assembly of Experts (maqlis-e khobregan), and the Expediency Council (majma-e tashkhis-e maalahat-e nezam); and institutions that are considered to be extended arms of the supreme leader with no legal status. The most important of these latter institutions are: the office of the Representatives of the Supreme Leader (namayandegan-e rahbar), the Association of Friday Prayer Leaders, and the Special Court for the Clergy (dadgah-he vizheh-ye ruhansiyat).

9 The republican institutions are the three governmental branches: the executive, judiciary, and the legislative (majles, parliament).

10 The religious foundations are an integral part of the IRI’s Islamic politico-economic system.
In addition to the formal power structure, there is an informal power structure. Cutting across state institutions and their aligned institutions, the informal power structure is composed of different political factions of the political elite: the Conservative faction, the Pragmatist faction, and the Reformist faction. These factions are not coherent groups but consist of different branches with sometimes contradictory policy orientations. Sometimes the factions even overlap in their political outlook. As there are no legal political parties in Iran, the political factions represent different ideas on politics, economics, socio-cultural issues, and foreign relations. Rivalry among different political factions has a great impact on the process of political decision-making and is an obstacle to the formulation of coherent domestic and foreign policies.

In the IRI, the main offices that are responsible for the conduct of foreign policy are the supreme leader, the president, the Council of the Guardian, the foreign minister, the SNSC, and the majles. The decision-making process goes from foreign minister to president to the SNSC and finally to the Supreme Leader, who must sign all bills. This is a rough sketch; the exact

Important foundations are the “bonyad-e mostazafan va janbazan” (Foundation for the Oppressed and Disabled), the “bonyad-e shahid” (Martyrs’ Foundation), and the “bonyad-e astan-e quds” (Imam Reza Foundation). For more details on the role of religious foundations in Iranian politics and economics, see Rakel, E.P. 2006 “Conglomerates in Iran: The Political Economy of Islamic Foundations” in A. Jiberto Fernandez and B. Hogenboom (eds.) Conglomerates and Economic Groups in Developing Countries and Transition Economies, London: Sage.


12 It is the supreme leader who has the final say about foreign policy decision-making. He approves or disapproves foreign policy initiatives (Buchta 2000: 50).

13 Since 1989, the president’s office has been the IRI’s main foreign policy-making organ. However, foreign policy decisions must always be made in accordance with other power centers. The fact that the supreme leader is involved in foreign policy decision-making protects the president against criticism by his own administration.

14 The Council of the Guardian makes recommendations and develops guidelines for foreign policy. It ensures that the government’s foreign policy initiatives do not contravene the constitution.

15 The foreign ministry’s role in the policy process and the role of the foreign minister must not be ignored. However, the foreign minister’s power in the ministry is not unlimited and is not unchecked. He often has to bow to others in the system and prove responsive to factional demands.

16 The SNSC is a key institution where foreign policy is debated.

17 The majles may not interfere in the executive foreign policy decision-making process. However, the majles discusses foreign policy issues, and individual members can make public statements on regional and international issues.

18 Interview with Dr. Abbas Maleki, Director of the International Institute for Caspian Studies, 9 November 2005, Tehran.
power structure differs based on the priorities and stature of the personalities involved—i.e. Khamenei, Rafsanjani, Khatami, and Ahmadinejad. An important source for developing foreign policy is the information gathered from abroad from Iranian embassies, security agents, media sources, libraries, individual citizens of other countries, think tanks, scholars, and cultural attachés of the Islamic Culture and Communications Organization (ICCO), an independent body within the government.

In IRI policy orientation, two main groups of the Iranian political elite can be distinguished. The first is represented mainly by the Conservative faction of the Iranian political elite, which emphasizes the identity and return to ideals of the Islamic revolution. To reach these goals, the IRI has to: (a) keep the Muslim masses as faithful allies; (b) maintain a good partnership with Muslim countries; and (c) refrain from rapprochement with the US. The second group represents mainly the Pragmatist and Reformist factions, which see Iran as a state that has to play a key role in international relations. This group is convinced that international trade and political ties are major tools in safeguarding Iranian national interests.

From the discussion above it can be concluded that the Conservative-dominated group is more ideologically driven in its foreign policy outlook, while the Pragmatist and Reformist factions have a less doctrinaire approach to foreign policy. The three factions agree on certain fundamental principles (independence, equality, a greater role for Iran in international relations), but they have different views on how these principles should be put into practice.

Iran’s Foreign Policy during Khomeini’s Leadership (1979-1989)

In the first ten years after the revolution, particularly when the new republic’s main foreign policy guidelines were formulated, the ideologically-based revolution’s impact on foreign policy became obvious. Two principal guidelines

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19 The ICCO consists of five directorates: publications, communications, cultural logistics, research, administration and financial affairs. Each of these directorates has several sub-departments. The ICCO has three main objectives: (1) anti-Mujahedin activities, including recruitment of former members of the Mujahedin-e Khlaq; (2) penetration of Iranian exile communities abroad through Farsi-language radios and other means, recruitment of agents and encouraging Iranians to return to Iran and infiltrating Iranian associations and groups; (3) recruitment and organization of radical Islamic forces in Muslim countries. Cultural attachés in embassies abroad are linked to the ICCO.

20 Yet when they were in power in the 1980s, they did not hesitate to buy arms from the US via Israel (see e.g. Freedman, R.O. 1991 The Middle East from the Iran-Contra Affair to the Intifada. Syracuse: Syracuse University Press).
emerged shortly after the revolution. The first was summarized in the slogan: “Neither East nor West, but the Islamic Republic.” It is not so clear which specific countries were included in “East” or “West.” While relations with the US were very hostile, they were less hostile with the former Soviet Union. At the same time, the IRI tried to maintain normal relations with allies of the two superpowers, such as Western Europe, Japan, and China (Keddie 1990: 6-7). The Islamic revolution was, after all, partly a reaction to the Shah’s good relations with the US and his “Westernization” policies. The revolution aimed at resisting Western cultural influence and by contrast put emphasis on Islamic authenticity and identity. The revolutionary legacy had an important impact on foreign policy formulation in Iran. The second guideline was the “Export of the Revolution.” The new rulers in Iran saw the Iranian revolution as a model that would trigger further revolutions throughout the Middle East. They sought to advance such revolutions in neighboring countries by rhetoric, financial support, and action (e.g. Iran’s increasing influence in Lebanon through its support of Hezbollah and the annual hajj by Iranian pilgrims in Saudi Arabia—see below). For the new Iranian leadership Islam was a means for the world’s exploited people to combat the great powers. As has been written above, the Iranians accused the West of having exploited the people and threatened the culture of Iran and all other Muslims for centuries. For Ayatollah Khomeini the “Export of the Revolution” was more important than political stability and economic development. He saw himself not only as the head of a state, but also acting on behalf of the entire Islamic community. This guideline was strongest only in the first ten years after the revolution, and even then not as an ideological or revolutionary pursuit but rather as a survival strategy in the war with Iraq (Bakhash 2001: 248).

Most of the armed groups that received support from Iran during the 1980s were Shi’i organizations in opposition to Saddam Hussein in Iraq or to other rulers in the Persian Gulf, or active in Lebanon, Afghanistan, and Pakistan (Ehteshami 1995; Roy 1996/1999: 191). The context of the war, and the almost unqualified support of the Arab states and the West for Iraq, had a determining role in Iran’s support of armed groups in the Middle East and beyond. In the 1990s, Iran also supported Sunni groups such as the Islamic Salvation Front (FIS) in Algeria, the National Islamic Movement in Sudan, Hamas and Islamic Jihad in Palestine, the Muslim Brotherhood in Jordan, the al-Nahda Party in Tunisia and the Jihad Group in Egypt. It also supported the Muslims in Bosnia in the 1990s and the Islamic MORO Movement in the Philippines in the 1980s (Ehteshami 1997: 30). But it did not intervene in the conflict between Russia and Chechnya in the 1990s, which is surprising, as part of the Iranian political elite consider religion an important determinant
in foreign policy objectives. At the same time, it proves that in Iranian foreign policy decision-making national interests trump ideological/religious ones.

The support of Islamic movements outside Iran was a matter of both conviction and calculation by the Iranian political elite. It was a means to project Iranian power abroad while strengthening its standing at home (see the concept of power projection in the Introduction). According to Bakhsh (2001), “Islam served the same purpose for Iran as Arab nationalism had for Egypt under Nasser” (p. 249).

The support of the movements was also a means to strengthen Iran's position vis-à-vis the US and Israel, who were both hostile to Iran owing to the IRI's overall foreign policy objectives described above. Relations with the US had already deteriorated in late 1979 owing to the hostage crisis.21

By 1984, a more pragmatic domestic and foreign policy orientation gradually emerged among the Iranian elite. A major aspect of the necessity to rethink the slogan “Neither East nor West” was the question of whether the revolution could still be exported by Iran given the war with Iraq and the country's great economic problems.22 Even Khomeini seemed to legitimize this trend. In a speech to IRI foreign representatives on 28 October 1984, he stated: “The superpowers and the United States thought that Iran […] would be forced into isolation. That did not happen and Iran's relations with foreigners increased. Now, they argue that relations with governments are of no use and our relations should be established with the nations […] This is contrary to wisdom and shari’a. We must have relations with all the governments” (Kayhan 1984). The most prominent supporters of this pragmatic view were Ali Akbar Velayati (Foreign Minister, 1981-1997) and Rafsanjani (Speaker of the majles and later president). But this new pragmatic approach to the slogan “Neither East nor West” and the “Export of the Revolution” did not come about without conflict among the members of the Iranian political elite. After the elections to the second majles, Foreign Minister Velayati came under attack from some majles members. Mortaza Razavi, a majles member from Tabriz, criticized Velayati’s loose interpretation of the “Export of the Revolution” and his new approach to the West (in reaction to a visit of West Germany’s Foreign Minister Hans-Dietrich

21 On November 14, 1979 the organization “Moslem Students Following the Imam’s Line” took 53 US diplomats hostage for 444 days at the US embassy in Tehran, which led to an almost complete freeze in diplomatic and economic relations between the two countries (Amuzegar 1993: 146-47).

Genscher to Tehran). When Rafsanjani became president in 1989 he aimed at establishing better relations with Europe. At the same time, however, certain elements of the Iranian political elite carried out assassinations of Iranian dissidents in various European cities, such as Paris, Berlin, and Vienna. It was always very difficult to evaluate whether these assassinations were carried out by the government, its agencies, or extremist individuals of the political elite (Bakhash 2001: 250). These examples show that the Iranian political elite has no coherent foreign policy outlook; often, different segments of the political elite follow totally contradictory policies. Furthermore, the “fatwa” (death decree) that Khomeini issued against Salman Rushdie in February 1989 resulted in the withdrawal of European ambassadors from Iran. The Rushdie affair complicated the relations between Iran and European countries even after the death of Khomeini.

When the war broke out between Iran and Iraq in September 1980, Western countries and the Soviet Union gave Iraq political and military support. The Western countries hoped that Saddam Hussein would be able to save the world from the “fundamentalists in Iran” (Tarock 1999: 43). At the start of the Iran-Iraq war, the Gulf states also supported Iraq logistically and financially,23 though formally they had declared themselves neutral.

Despite these developments and criticism from some parts of the Iranian political elite, from the mid-1980s Iran tried to improve relations with the Gulf states. It seemed that Kuwait and Saudi Arabia were more cautious towards Iran and its friendlier approach than were the smaller countries of the Gulf Cooperation Council (GCC).24 For example, Oman had already established friendlier relations with Iran in the early 1980s (Hooglund 2002: 165).

The already rocky relationship between Iran and Saudi Arabia deteriorated even further in the last two years of the war owing to two incidents: (1) the 1987 hajj pilgrimage and the US relflagging Kuwaiti ships. In the first half of the 1980s, Iran sent more than 100,000 pilgrims on the hajj pilgrimage (pilgrimage of Muslims to Mecca). Despite bans by Saudi authorities on political demonstrations, Iranian pilgrims chanted slogans such as “American Islam” or “death to America, death to Israel,” referring to the close ties between Saudi Arabia and

23 In 1981 the Gulf states supported Iraq with US$24 billion. By the end of 1982 direct financial aid from the Gulf states was estimated between US$30 and US$40 billion (Kechichian 1995: 103; Nonneman 1986: 97).

24 The GCC was created as a new regional security organization in May 1981, shortly after the Iranian Islamic revolution. It has six member countries: Saudi Arabia, Kuwait, Oman, Qatar, Bahrain, and the United Arab Emirates (UAE). Political divisions between GCC countries and the fact that Saudi Arabia is the most economically powerful and politically influential member country are obstacles to the GCC’s effectiveness (Bill 1996: 103).
the US. This caused tensions between Iran and Saudi Arabia (Hooglund 2002: 167). During the 1987 hajj, 402 pilgrims and security forces were killed in direct clashes (Marchall 2003: 46). After that, Saudi Arabia reduced the number of Iranian pilgrims admitted to the hajj.

The second event that worsened the relationship between Iran and Saudi Arabia was the US reflagging of Kuwaiti ships on 22 July 1987 in reaction to increased attacks by Iran. This action marked a shift in US policy in the Gulf and initiated the internationalization of the Iran-Iraq war. The US now officially sided with the Gulf states, including Iraq, against Iran (Marchall 2003: 88; Hooglund 2002: 164).

The international isolation of Iran forced Ayatollah Khomeini to heed Speaker of Parliament and Commander-in-Chief of the Armed Forces Rafsanjani and accept United Nations Security Council Resolution (UNSCR) 598 (Moshaver 2003: 289), which called for a cease-fire with Iraq, in July 1988, and helped reorient the IRI’s international policy. First of all, the end of the Iran-Iraq war changed Iran’s confrontational position towards the West. Second, the need for foreign capital and technical expertise to carry out economic reconstruction required the adoption of a more pragmatic foreign policy towards the West. Iran's foreign policy in the IRI’s second decade was to restore stability at home and in the Persian Gulf, and to reintegrate Iran into the global economy (Tarrow 1999: 43). Other contributing factors were the death of Khomeini in 1989 and the break-up of the Soviet Union in 1991.

In general, the foreign policy of the IRI in its first ten years can be described as a combination of pragmatic and ideological considerations. While ideology prevailed in the first decade, pragmatism became more evident in the second.

**Iran’s Foreign Policy during Rafsanjani’s Presidency (1989-1997)**

The rise of Ayatollah Khamenei to Supreme Leader and President Rafsanjani determined the formulation of Iran’s new policy priorities based on national interest rather than ideology. Additionally, in July 1989, the Iranian constitution was adapted, giving the president more decision-making power. Now Rafsanjani could focus on economic development and post-war reconstruction (Marchall 2003: 101; Roshandel 2002: 130).

The end of the Iran-Iraq War in 1988, the death of Khomeini in 1989, the collapse of the Soviet Union in 1991, and the larger US military presence in the Persian Gulf since the Kuwaiti crisis, had a major impact on Iran’s basic strategic outlook. President Rafsanjani did not want to continue Khomeini’s foreign policy and also did not promote the export of the revolution. He
aimed at rebuilding the IRI through cooperation with advanced industrial states and Persian Gulf countries, and a liberal economic policy.

The foreign policy reorientation during Rafsanjani’s presidency included the establishment of a “critical dialogue” with the EU; active engagement with neighboring states to discuss the crises in Nagorno-Karabakh, Afghanistan, and Tajikistan; and a cautious rapprochement with the Arab Gulf States, particularly Saudi Arabia as the most powerful GCC and Organization of Oil Exporting Countries (OPEC) member.

In 1992, the Clinton administration passed the Iran Non-Proliferation Act, followed in 1996 by the Iran-Libya Sanctions Act (ILSA),\(^\text{25}\) prohibiting investment in Iran’s and Libya’s energy sector (Karbassian 2000: 632). In late 2001, President George W. Bush extended the law until 2006. The US intention behind ILSA was to pressure European and other countries to follow US economic policy towards Iran (Moshaver 2003: 294). President Clinton defended the sanctions as follows: “You cannot do business with countries that practice commerce with you by day, while funding or protecting terrorists who will kill you or your innocent civilians by the night” (quoted in the Guardian Weekly, 11 August 1996).

But it did not work out as the US had hoped. Many European countries opposed and even acted against the sanctions. For example, in July 1995, the French-based oil company Total and the National Iranian Oil Company (NIOC) signed a deal for the development of offshore oil and gas fields in Sirri. The same contract had been signed by the US Oil Firm Conoco, which had to cancel it owing to the sanctions. The EU threatened to complain to the World Trade Organization (WTO) if Washington put the ILSA into effect.\(^\text{26}\)

President Clinton established America’s Persian Gulf policy almost immediately upon assuming office. During its first year, his administration issued

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\(^{25}\) The ILSA imposes sanctions on non-US companies investing more than US$40 million annually in the Iranian and Libyan oil and gas sectors. The amount dropped to US$20 million one year after enactment for those countries that did not undertake measures—such as the imposition of sanctions for a minimum of two years—against Iran for supporting international terrorism and pursuing weapons of mass destruction.

\(^{26}\) In November 1997, the EU filed a formal complaint over the US law to the WTO and based it on two assumptions: (1) the law ran counter to the principle of free trade on which the WTO is built, and (2) any punitive action as a result of it would be a violation of international law. The two parties agreed during a meeting in London in May 1998 that the EU would continue its support for the US on combating international terrorism and the US would grant a presidential waiver to Total and other European oil companies investing in the Iranian oil and gas industry. This was the strongest position the EU had ever taken in favor of the IRI against the US (Tarock 1999: 50-51).
numerous policy objectives culminating, on 18 May 1993, in the “dual containment” policy towards Iran and Iraq (Lenczowski 1994: 52). The objective of “dual containment” was to isolate these regimes politically, economically, and militarily. The rationale for dual containment was the direct result of three events. First, the end of the Cold War allowed the US to pursue a more discriminate policy; previously, these two nations were used by the two superpowers as allies, with the Iraqi regime leaning toward the Soviets and Iran toward the US. Second, the political outcome of the war against Iraq over Kuwait; although the war was a clear military victory for coalition forces, its political aftermath was considered a failure by many observers because Saddam Hussein remained in power. Third, the Palestine-Israeli conflict and Iranian support for Hamas.

Iraq’s invasion of Kuwait on 2 August 1990 marked a major change in the relationship between Iran and all Gulf states. Not Iran, but now Iraq was the immediate threat to the security and integrity of Persian Gulf countries. Iran was the first Gulf country to condemn the invasion (Mohtashem 1993; Milani 1996: 92; Quilliam 2003: 41). Thus in 1990 Iran stood on the side of the West and Kuwait against Iraq. As Iran declared itself neutral during the Kuwait crisis and the war and even suggested mediating the conflict, Gulf states became more willing to cooperate with Iran.

The security of the Persian Gulf became a top priority of Rafsanjani’s foreign policy, as Iran needed the Persian Gulf countries to assure the free flow of oil. Iran depends on the Persian Gulf for its international trade. Iran’s main ports, through which more than 90 percent of Iranian international trade, including oil export, occurs, are all located on the Persian Gulf (Amirahmadi 1993: 100; Milani 1996: 93). It also needed OPEC to stabilize oil prices to increase its oil revenues (Milani 1994: 335-336), on which Iran depended to carry out the economic reform program. Rafsanjani also hoped that good relations with Persian Gulf countries would increase investments from Arab countries and open up Arab markets for Iranian products. In fact, after the ceasefire, Iran was able to substantially improve its trade relations with its smaller Gulf neighbors, receive investment from Gulf countries, and create a free trade zone on its islands of Kish and Qeshm to attract Foreign Direct Investment (FDI) (Milani 1996: 91).

The improved relations between Iran and Persian Gulf countries were evident during the GCC December 1990 Summit in Qatar, when the organization declared that it would welcome future cooperation with Iran and the country’s participation in regional security arrangements (Ramazani 1992).

It is interesting to note that the regional policies of Iran during Rafsanjani’s presidency resembled the policy of the Shah in the 1960s and 1970s, espe-
cially stressing Iran’s role as a major power in the Persian Gulf region. In November 1991, Rafsanjani suggested a joint regional market for economic and technical cooperation between GCC countries and Iran, which could possibly lead to a comprehensive security arrangement. The Shah had made similar suggestions in the 1960s (FBIS/NES/55 14 November 1991). All political factions among the Iranian political elite supported the idea of a regional security arrangement. They even considered the possible inclusion of the US into such an arrangement in the future. One of the principal figures involved in these discussions was Javad Larijani (Marschall 2003: 171), now the head of the SNSC and Iran’s chief negotiator with the EU concerning its nuclear program.

The improved relations between Iran and GCC countries during and after the Gulf crisis, and the possible integration of Iran into a regional security arrangement discussed during the GCC summit in Qatar, raised Iran’s hope to become an active party in Persian Gulf security. But it soon became obvious that the GCC preferred the presence of foreign forces in the Persian Gulf to a regional security arrangement.

In February 1991, GCC countries, Syria, and Egypt met in Cairo to discuss the possibility of establishing an organization for economic, political, and security cooperation and coordination (Egypt Ministry of Information, State Information Service March 1991: 15). One month later, the “six-plus-two” signed the Damascus Declaration, according to which Syrian and Egyptian troops were to be stationed in the Gulf in return for US$10 billion (Milani 1994: 344). Cairo in particular was opposed to Iran’s active role in a regional security arrangement (The Independent 21 February 1991).

The Iranian political elite objected to its exclusion from the security debate and were very disappointed with the Damascus Declaration, especially Egypt’s role in it (Gargash 1996: 144). Syrian President Asad assured the Iranian Foreign Minister Velayati that Iran would play an important role in a post-Gulf War security order. Even President H. W. Bush stated that Iran was an important power and should not be treated as an enemy by Persian Gulf countries (Keesing’s March 1991: 38119). Sultan Qabus of Oman, Head of the GCC committee for regional security arrangements, told Velayati that a collective

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27 At the end of the 1960s Iran became the local security force for the US in accordance with the so-called Nixon Doctrine of 1969. The Shah even referred to the role of his country as the gendarme of the US in the Persian Gulf. Based on this relationship, from 1972 until the revolution, the US was willing to sell to Iran its most advanced and sophisticated conventional weapons (Bill 1988: 200-202).
security arrangement should first include the GCC countries and later all Gulf countries (FBIS/NES/10 19 March 1991).

Oman favored a regional security arrangement including Iran, probably as a counterweight to Saudi Arabia. During a visit to Tehran in March 1992, Omani Foreign Minister Alawi talked about the possibility of giving Iran a consultative role in establishing a regional security arrangement (Gulf News 10 March 1992).

Already in May 1991 the Damascus Declaration had ceased to exist and Egypt began withdrawing troops from Saudi Arabia and Kuwait. GCC countries then relied on Western military protection (Marschall 2003: 117). Negotiations to include Iran in a regional security arrangement most likely failed because of four reasons: (1) GCC countries feared Iran's possible aspirations to becoming a dominant regional actor; (2) the active opposition of the US to include Iran in such an arrangement; (3) the different priorities of Gulf states and their disagreement on a common threat made a collective security agreement impossible; and (4) the regional crisis that broke out in 1992 over three small but strategically important islands overlooking the Straits of Hormuz.

In 1992 a series of accusations, claims and counterclaims between Iran and the UAE over the ownership of the islands Abu Musa and Greater and Lesser Tunb began after Iran had expelled and denied entry to non-UAE citizens working on the jointly administered Abu Musa Island in April and August 1992 (Marschall 2003: 121).

After the Abu Musa crisis, the Gulf states turned towards the US for military protection. Each country searched unilaterally for its own security. A series of defense agreements were signed with the US; the first country to sign one was Kuwait in September 1991 (Bashir and Wright 1992: 110). The US not only sold huge amounts of modern weapons to GCC countries, but also signed bilateral agreements that allowed the US to use their waters and carry out joint military training exercises (Milani 1996: 94).

Iran felt threatened by the security agreements signed between Gulf states and the US. Deputy Foreign Minister Besharati stated: “Our neighbors, one after the other, are signing defense agreements with Western countries. So why should we not buy military hardware (Kayhan 3 December 1992)?”

28 The dispute over the islands dates back to the end of the nineteenth century when Britain, in 1887, took over the islands against Iran's claim that they were under its jurisdiction. When the British left the Persian Gulf region in 1971 the two countries agreed Iran would share sovereignty over Abu Musa with Sharjah, and have sole sovereignty over the two other islands. Iran accepted the formation of the UAE and the independence of Bahrain in May 1970, but expected that in return it would get complete control of the islands (Milani 1996: 97).

29 Compared to the other Gulf states, however, Iran bought a rather limited amount of arms.
GCC countries, except Kuwait, agreed that the US should not be permanently based in the region, but they did want it to remain engaged in the Persian Gulf in case of emergency (Katzman 1993: 199).

During a meeting of the Organization of Islamic Conference (OIC) in early December 1997, the IRI obtained the presidency of the OIC thanks to the support of Saudi Arabia. The participation of Saudi Arabia’s King Abdullah in the Tehran meeting itself was considered a success in the rapprochement between the two countries. In February and March 1998, Rafsanjani, now head of the Expediency Council, visited Saudi Arabia. He was received by the King and the Crown Prince and spent 15 days. Two weeks earlier, this honorary reception had been denied to US Secretary of State Madeleine Albright when she visited Saudi Arabia. The rapprochement policy between the two countries reached its peak in May 1999 during President Khatami’s visit to Saudi Arabia (Reissner 1999: 47-49; Marschall 2003: 144). The visit was made possible because of economic problems for both countries owing to the decline of oil prices to below US$13 per barrel. Iran and Saudi Arabia discussed the stabilization of oil prices, an agreement related to oil production and output, and decreasing the negative effects of oil price fluctuations through cooperation in OPEC (Marschall 2003: 144-45).

The deterioration of Iran’s relations with GCC countries in 1992, when no consensus could be found regarding a regional security arrangement, coincided with the disintegration of the Soviet Union, which made a reorientation of Iran’s foreign policy possible. Now, according to Ramazani, the slogan “Neither East nor West” was replaced by “Both North and South” (Ramazani, 1992: 393), or a so-called “de-Arabization” of Iran’s foreign policy.

From the Iranian point of view, a regional security arrangement was no longer limited solely to Persian Gulf countries, but also included the former Soviet republics of CEA. Iranian policy-makers stated that Iran should no longer focus on Persian Gulf countries if the latter were not willing to give up their American orientation. Iran should rather stress the importance of countries such as India, Pakistan, Afghanistan, those of CEA, and China, which were more sympathetic to Iran (Marschall 2003: 119).

Since the disintegration of the Soviet Union, Iran’s position as a strategic player in the global oil business has increased. Iran is one of the five Caspian littoral states and is thus a strategic link between the Persian Gulf and the

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Caspian region (Ghezelbash 2005: 25-26; Rakel 2004/2005), which increases the value of cooperating with it. With oil demands rising in East Asia in general and in China in particular, Iran tries to strengthen its position not only among regional producer countries but also in oil markets. At times, it might even pit the main consumers—the US, the EU, and China—against each other.

So-called “de-Arabization” of Iran’s foreign policy developed in reaction to US policy in the Persian Gulf and the Arab-Israeli peace process that started in October 1991. Some Iranian intellectuals and technocrats in the foreign ministry, as well as President Rafsanjani, promoted this principle. Supreme Leader Khamenei, in contrast, supported a trend that called for a stronger Arabization of Iranian foreign policy (Marschall 2003: 118). The Rafsanjani government tried to find a balance between these two views and promoted Iran as a bridge between the Persian Gulf and CEA.

The disintegration of the Soviet Union in 1991 was of great geopolitical importance for Iran. While roads to CEA and Europe had been totally blocked during the Soviet era, since 1991 the door towards Europe has been reopened (Nahavandi 1996: 2). Iran recognized the independence of CEA countries in 1991, hoping it could profit economically by re-establishing good relations. Former Iranian President Hashemi Rafsanjani repeatedly declared that with the independence of CEA states, a new “economic trade center” had emerged. Similarly, Iran is a major link for CEA countries to international markets. In addition to bilateral and multilateral transport agreements between Iran and CEA countries, the Economic Cooperation Organization (ECO)\(^30\) is a forum for regional cooperation. Since 1993, ECO members have concluded cooperative agreements on transport, transit trade, the simplification of visa procedures, anti-smuggling measures, and customs fraud. During the ECO Tehran Summit in June 2000, member states focused on energy cooperation and the development and implementation of trade agreements. Trade, transport, energy, and industrial/agricultural cooperation constitute ECO’s core priority areas. Despite these many agreements, ECO’s record in promoting regional cooperation has been mixed, reflecting the challenges of regional integration.

\(^{30}\) ECO was first established in 1977 between Iran, Turkey, and Pakistan as Regional Cooperation and Development. The organization survived until the Islamic revolution in Iran in 1979. In 1985 the organization was re-established as ECO. ECO’s breakthrough took place in 1992 at the Tehran Summit, which paved the way for the expansion of the organization from three to ten members, including Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, and Afghanistan. ECO is a large economic cooperation organization. Its member states together have a population of 300 million and cover an area of seven million square kilometers.
trade is not very impressive. To promote trade integration, ECO member countries have to overcome a variety of problems, the most important of which are the absence of a dense network of transportation links, e.g. to export oil and gas resources to world markets, and limited financial resources. Iran's chief foreign policy aim has been to prevent the US from filling the vacuum that has been left in CEA after 1991. Iran knows that it would not be able to fill this vacuum by itself and, therefore, has played what Roy has called the “Russian card” (Roy 1998) on a North-South strategic axis (Moscow-Yerevan-Tehran) in opposition to the East-West strategic axis (Washington-Ankara-Baku-Tashkent). This strategic double axis is obvious in the competition between various existing and proposed oil pipelines: East-West pipelines for the US (Trans-Caspian, Baku, Georgia, Turkey), North-East pipelines for Russia and Iran (Baku-Novorossiysk-Caspian Pipeline Consortium connections with Iranian networks to the Persian Gulf). The US opposition to a more active involvement of Iran in CEA has hampered the strengthening of ties between Iran and the region. Another important obstacle is the not yet settled dispute over the legal regime of the Caspian Sea.31

In general, it can be said that Iran's foreign policy under Rafsanjani remained Islamist-based, non-aligned, and pro-South. Iran's change in diplomatic policy is related to its devastating economic and military situation, but not to an overall reorientation in geopolitical outlook. During Rafsanjani's presidency, foreign policy was very much an extension of factional politics, resulting in incoherence, obstructionism, and multiple centers of decision-making (Mozaffari, 1999: 16 and 2000: 9, 11; Clawson 1994). The continued primacy of revolutionary passions among some members of the Iranian political elite prevented a fundamental break with Khomeini's export of the revolution. Therefore, substantive revisions of Iran's foreign policy orientation did not take place before the Reformist Mohammad Khatami was elected president in 1997. Khatami had greater popular domestic legitimacy and acceptance abroad than Rafsanjani (Roshandel 2000: 110). But Rafsanjani also left a clear list of priorities for the incoming president: stability in the Persian Gulf region, reintegration of Iran into the global economy, and the active participation of Iran in global and regional organizations such as the UN, the OIC, and the ECO.

31 On the pipeline and Caspian legal regime disputes, see Amineh 2003: chs. 9 and 10.
Iran's Foreign Policy During Khatami's Presidency (1997-2005)

Khatami, as a protagonist of the Reformist faction, was first elected in 1997 because he focused on domestic issues (the popular longings for changes in Iran's social and political landscapes) instead of foreign policy propaganda. Under Khatami foreign policy was no longer used to cover up the economic crisis at home, but rather as a means to address domestic political problems (Chubin 2002: 18).

Despite their somewhat varying visions of Iran's domestic politics, the Reformists and the Conservatives do not have totally different concepts of the country’s foreign policy priorities. The Reformists do not enter into debate with the Conservatives on such delicate and interrelated issues as weapons of mass destruction (WMD), terrorism, and the Israel-Palestine conflict. They do differ on how to achieve their goals. The Conservatives are preoccupied with using foreign policy to preserve and even strengthen the political regime without allowing the Reformist faction to pluck the fruits of this policy. The Reformists, meanwhile, are mainly concerned with using foreign policy to improve the country's position in the global economy and to implement domestic reforms (Chubin 2002: 22).

During Khatami's presidency, the Reformists were able to change policy in three difficult areas: (1) the Salman Rushdie affair; (2) improved relations with Saudi Arabia and other Persian Gulf countries (which had already begun to improve during Rafsanjani’s presidency); and (3) better relations with the EU.32 The country now also plays a more constructive role in the former Soviet Republics of CEA.

The most important success of the first four years of Khatami’s presidency was that he was able to improve Iran’s position on the international scene, particularly with the EU. Even his internal enemies had to recognize his successful foreign policy, not least because of the necessity to secure Iran’s oil income, which is central to the development of the country’s economy.

The improvement of the international climate was particularly apparent in Khatami’s interview with the American television channel CNN on 7 January 1998. Here he made clear his goal of improving Iran’s relations with the US through a “dialogue of civilizations.” In fact, the General Assembly of the UN, on 4 November 1998, proclaimed the year 2001 as the “United Nations Year

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32 On the relations between Iran and the EU, see Rakel E. P. forthcoming “The Impact of Factional Struggle on Iran-European Union relations” in The Iranian Elite, State-Society Complex and International Relations: The Case of Iran-European Union Relations, PhD thesis to be published, ch. 6.
of Dialogue among Civilizations.” Larijani, then member of the Committee for foreign policy of parliament and representative of the Conservative faction, stated: “The motto ‘détente’ is very interesting, the motto ‘dialogue between civilizations’ a pertinent view. The fact that we have a better image in the world and acknowledge the world is very encouraging. However, we are concerned about the inefficiency of the diplomatic establishment” (cited in SWB ME/3555 MED/6 8 June 1999).

But, while Khatami strove for a “dialogue between civilizations” or a policy of “détente,” Supreme Leader Khamenei undermined these attempts by continuing the support of Islamist radical groups in other Muslim countries, such as Hezbollah in Lebanon and Hamas in Gaza/West Bank (Timmerman 3 December 2001). Moreover, while Khatami wanted a dialogue with the US, Khamenei considered a “dialogue with America […] even more harmful than establishing ties with that country” (Barraclough 1999: 12). As a result, though since 1997 Iranian foreign policy has changed in its orientation and instruments, its substance (Islamic, anti-Americanism, anti-Israel, and independence) has remained much the same. Khatami realized that his country needed good relations with Persian Gulf countries, especially with Saudi Arabia, in order to encourage regional peace and stability, a common policy in OPEC, investment by Gulf countries, keeping Iraq under control, and improving relations with Western countries (Marshall 2003: 142). On his first foreign travel in 1997, Iran’s Foreign Minister Kamal Kharrazi went to several GCC capitals in anticipation of the OIC summit in Tehran in December 1997 (Baker Institute 1998). The OIC summit was important for Iran; after years of tension, it gave Iran the opportunity to present itself in a friendly manner to Gulf countries.

A possible manifestation of the improved relationship between Iran and Saudi Arabia was the latter’s rejection of US accusations of Iranian involvement in the bombing of US military housing at al-Khobar in Saudi Arabia in 1996, which killed 19 American servicemen and wounded 370 others (Tarock 2002). Furthermore, the two countries have created a joint cooperation commission and expressed their interest to promote private sector activities in their countries. Iran has also lifted visa requirements for Saudi citizens visiting its country (Baker Institute 1998).

Though relations with Saudi Arabia seem to have improved, potential tensions remain, such as rivalries over Islamic fundamentalists to which both countries have given financial support. Furthermore, the still unresolved dispute between Iran and the UAE over the ownership of the Abu Musa and Greater and Lesser Tūnb Islands complicates the relationship. This cannot be said about Iran’s relations with Russia.
Since the disintegration of the Soviet Union, Russia has allied with Iran in economic, political, military, and nuclear domains. Russia sees its alliance with Iran as a counterbalance to North Atlantic Treaty Organization (NATO) expansion towards the East and the South, to Western efforts to control regional energy resources, and to the activities of Turkey in CEA.\footnote{For a Russian perspective on Russian-Iranian relations, see Vishniakov, V. 1999 “Russian-Iranian Relations and Regional Stability.” International Affairs (Moscow). 45(1): 143-53.} In addition to arms supplies, Iran needs Russia as an ally to deal with various regional social upheavals (Amineh 2003: 293). Russian arms deliveries (conventional and nuclear technology) to Iran are key to the alliance, as few countries are currently willing to sell arms to Iran. Besides China, Russia is one of Iran’s most important weapons suppliers (Cohen 2001).

Another interesting development is that the Shanghai Cooperation Organization (SCO) has granted Iran, Pakistan, and India observer status. Even if this step is portrayed as an attempt to create a “multi-polar world concept” and “multilateralism,” the acceptance of Iran as an observer has to be understood as a provocation against the West (RIA-Novosti 5 July 2005). The SCO competes with Western countries as a security organization. During a meeting of SCO member states (China, Russia, Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan) in Kazakhstan’s capital Astana on 5 July 2005, an openly anti-Western tone could be detected. SCO member states demanded not only that the US-led military coalition in Afghanistan specify a plan for withdrawal, but also to limit external involvement in the internal affairs of a country. According to Vyacheslav Nikonov, President of the Politika Foundation, a Moscow think tank, it seems that SCO aims to reduce US influence in Asia (RIA-Novosti 29 June 2005). Iran seems to be increasingly interested in joining SCO in order to form a China-Russia-Central Eurasia-Iran axis against the US.

Iran is also strengthening its ties with China. In the last decade, China’s economic growth has rapidly increased its energy needs. Recently, China has surpassed Japan as the world’s second largest oil consumer behind the US. Although the country is trying to increase domestic production, oil imports will grow by an estimated 960 percent over the next two decades and comprise almost 70 percent of the country’s oil consumption by 2025. China’s policy to secure its energy supply brings it into confrontation with the US, which accounts for one-quarter of global energy consumption. Sixty percent of China’s oil imports already come from the Persian Gulf. In 2003 Iran was China’s second largest oil supplier, providing 14 percent of total imports, while China—despite having signed international agreements prohibiting the pro-
liferation of nuclear technologies—was Iran’s main supplier of dual-use technology that can be used for making nuclear, chemical, and biological weapons (Amineh 2005). In October 2004, China’s state oil company Sinopec and Iran signed a treaty on the delivery of Iranian oil and gas to China worth US$70 billion. It has to be expected that relations between these two countries will grow immensely, primarily because of China’s energy needs and Iran’s increasing hunger for consumer goods.

Iran’s Foreign Policy Since Ahmadinejad’s Presidency (since 2005)

Mahmoud Ahmadinejad’s election augured a new tone in Iranian foreign policy orientation, away from Khatami’s policy of “dialogue.” While the 1997 presidential elections brought the Reformist faction to power, the 2005 presidential election split the Conservative faction between the old guards and hard-line populists or, as termed by the reformist newspaper Shargh, “neo-conservatives” (Sohrabi 2006: 3). Ahmadinejad’s election brought to power a marginalized minority branch of the Conservative faction, which had become radicalized after the Iran-Iraq war when it was excluded from policy-making by the then dominant factions of the Iranian political elite. Still, Ahmadinejad’s victory was a victory for the Supreme Leader Khamenei rather than Ahmadinejad himself. Khamenei and his Conservative faction now control Iran’s domestic and foreign policies. Khamenei’s task will be difficult in light of the severe polarization that now exists in Iran. Iranian public opinion remains deeply polarized: 25-35 percent of the electorate now support Conservative candidates; 40-45 percent support Reformists or—with hesitation—Pragmatists or purposely boycott; perhaps 10 percent enthusiastically support Rafsanjani as a Pragmatist; and 20-25 percent are uninvolved in politics or do not participate in elections.35 This polarization between Conservatives and Reformists, with only a small Pragmatists faction, renders Iranian politics potentially explosive and thus very worrisome, especially if Ahmadinejad’s political opponents move toward establishing an alliance between Reformist and Pragmatist factions. And the security forces are likely to make strong efforts to contain any popular demonstrations that might occur. Khamenei

restrains the Ahmadinejad government on socio-cultural policy, given how important this is to Reformist and Pragmatist Iranians, especially to the large majority of young Iranians. Ahmadinejad’s government carries out crackdown on some dress-code violations and gender mixing, and the trend toward greater liberalization on these issues probably will end, at least for now. However, a reversion to the harsh standards of the 1980s seems unlikely. Iran’s foreign policy is less extreme than many observers have predicted. Khamenei wants to avoid triggering US interference in Iran’s domestic affairs. He also aims to maintain or expand Iran’s economic relations with EU countries and avoid a US-EU united front against Iran. Consequently, it seems likely that Iran will try to string out its negotiations with the EU over its nuclear development program, and there is still some possibility that it will reach an agreement with the EU on this matter. In addition, Iran, the EU, and the US have similar interests in Iraq and Afghanistan, and especially concerning al-Qaeda, at least in the short term. Therefore, there is some possibility of cooperation on these matters. Nevertheless, Iran’s foreign policy undoubtedly seems to be more hostile and less welcoming toward the West under Ahmadinejad than it would have been had Rafsanjani been elected.36

The rift within the Conservative faction will eventually lead to a power struggle. The question is how this rift can be used to solve the nuclear confrontation. An important factor would be a new American policy approach toward Iran: away from confrontation, toward dialogue, and including offers of economic assistance and greater access to international trade. This policy would have two main consequences: first, the Khatami’s eight-year presidency showed that Iranians are responsive to international public opinion and that they have no desire to return to Iran’s international isolation of the 1980s. It is in the interest of all that Iran is politically transparent. Increased trade relations and talks concerning a regional security arrangement would help to keep the dialogue going. Second, improved international economic relations would only widen the rift among the Conservatives. Accepting greater international trade would go against the hardliners’ ideological values and alienate them from their social base. Rejection would isolate the country and distance the majority of the Iranian population even further from its own government (Sohrabi 2006: 5).

The nuclear issue

Despite the differences in methodology and the recent controversies over the war in Iraq, the US and the EU have common concerns about Iran’s nuclear ambitions and both consider it necessary to prevent Tehran from acquiring nuclear weapons. They agree that only together can they address the Iranian challenge. Thus the EU and the US agree on the full implementation of the Additional Protocol (AP)\footnote{The AP requires Iran to inform the IAEA in detail about its nuclear activities and grant it greater access to nuclear sites to verify that the country is a non-nuclear-weapon state under the NPT.} to the Non-Proliferation Treaty (NPT), which Iran signed in December 2003, and that Iran has to respond to all questions raised by the International Atomic Energy Agency (IAEA) regarding its nuclear activities. It is interesting to note that while the US acted unilaterally in Iraq, it seems to be choosing the multilateral road in Iran. Since signing the AP, Iran has come under pressure to explain why it has not informed the IAEA on its uranium enrichment and plutonium separation (the two ways to produce nuclear weapons). Therefore, the US and the EU believe that Iran is developing a nuclear weapons capability. Both Conservative and Reformist members of the Iranian political elite have stressed repeatedly that the country’s nuclear ambitions are only civilian in nature (Bowen 2004: 257).

In February 2003, IAEA Director General Mohammed El Baradei and other IAEA experts visited a nuclear fuel production plant and research laboratory at Natanz (north of Isfahan, in central Iran) and a heavy-water production plant at Arak (southwest of Tehran, in northern Iran). The conclusion of this visit was that Iran had failed to report on its nuclear activities, which it is obliged to do under the NPT. In October 2003, the British, French, and German Foreign Ministers (Jack Straw, Dominique de Villepin, and Joschka Fischer) [EU/3] were invited to Tehran to discuss Iran’s nuclear program (Kutchesfahani 2006: 9). The three foreign ministers and the chief Iranian negotiator Hassan Rowhani, then Secretary of the Iranian SNSC, agreed that Iran would fully cooperate with the IAEA and that it would suspend all uranium enrichment and reprocessing activities voluntarily. In return, the foreign ministers promised they would do everything to prevent the case being transferred to the UN Security Council and that they would recognize Iran’s right to use nuclear energy for peaceful means in accordance with the NPT. They also declared their readiness to cooperate with Iran to promote security and stability in the Middle East, establish a regional nuclear-weapons-free zone, and provide Iran access to modern technology and supplies (Iran Ministry of
Foreign Affairs, 21 October 2003). The Iranian government, however, continued assembling centrifuges and enriching uranium.

Since Ahmadinejad’s election the IRI is considered to be even less reliable by the US and the EU (Kutchesfahani 2006: 9). For these reasons, the Iranian nuclear case was finally transferred to the UN Security Council in March 2006. In its presidential statement of 29 March 2006, the UN Security Council made clear that only “suspension and full, verified Iranian compliance with the requirements set out by the IAEA Board of Governors would contribute to a diplomatic, negotiated solution that guarantees Iran’s nuclear program is for exclusively peaceful purposes, and underlines the willingness of the international community to work positively for such a solution, which will also benefit nuclear non-proliferation” (UNSC 29 March 2006).

In Iran, the nuclear debate is part and parcel of the overall debate on the country’s role in world politics after the Cold War (Takeyah 2004/05). The discussions among the Iranian political elite seem to cut across different political factions. Some Conservatives are against the possession of WMD, while some Reformists argue that the development of nuclear weapons is Iran’s right and a national security imperative. In general, as Ehteshami argues (2006: 79-81), five main arguments in favor or against the possession of nuclear weapons can be distinguished. The first argument for WMD-possession is based on the rights of states who are signatories to the NPT. According to this view, Iran has the right to acquire nuclear technology and know-how for peaceful means. Opponents emphasize the costs of the nuclear program and its environmental risks. The second argument is that Iran will be taken seriously as a dominant actor in the Persian Gulf region only when it has an extensive nuclear research and development (R&D) program. Opponents argue that, as the cases of the Soviet Union and North Korea have shown, the technological spin-offs from nuclear research are only minimal. Furthermore, the majority of the experienced Iranian scientific community lives abroad and, therefore, there would be no positive national impact from the benefit of this highly sensitive research. The third argument in favor of developing nuclear technology is based on Iran’s geopolitical security environment: Iran’s neighborhood is insecure and inter-state relations are uncertain. Opponents respond that Iran is not confronted with any serious threats. Since the Iraqi threat has been removed, no enemies exist who justify Iran’s possession of nuclear weapons. The fourth argument contradicts this, holding that in the post-Cold War and post-9/11 era, Iran can only guarantee its independence and sovereignty if it possesses nuclear weapons. Opponents argue that the deployment of nuclear weapons would have an adverse affect on relations with neighboring countries and would make Iran more vulnerable to attack. Finally, the fifth argument is
related to national energy resources. Proponents argue that if Iran could build several nuclear power stations it would not be dependent on outside energy suppliers. Opponents argue that Iran’s status as one of the world’s largest untapped sources of natural gas makes it difficult to convince the world that Iran’s interest in nuclear technology is to secure energy supplies.

There is no consensus among the Iranian political elite on the nuclear issue. Its outcome will depend as much on the balance of power between the different political factions in Iran as on how Western powers will react to Iran’s nuclear ambitions (Baheli 2005). Since the transfer of the Iranian nuclear dossier to the UN Security Council, the issue has become internationalized. Not only is the US now openly involved, but so are Russia and China. A possible solution might be the Russian proposal, first suggested in August/September 2005, to enrich Iranian uranium in Russia and ship it back to Iran. There have been some favorable Iranian reactions to this suggestion.38

Iran began its first nuclear power program in 1957 with the signing of the Atoms for Peace Program between Iran and the US. Iran began developing nuclear technology in the 1970s with the help of France, Germany, and the US. After the revolution and during the Iran-Iraq war, the Iranian nuclear program ceased. After the end of the Iran-Iraq War in 1988 the nuclear program was restarted with Russian and Pakistani assistance (Bowen and Kidd 2004: 263). In 1995, Russia and Iran signed an agreement worth US$800 million to complete the construction of the Bushehr nuclear power plant (Cirincione 2002: 257-60). The construction of Bushehr had begun in 1974 by German Siemens and its subsidiary Kraftwerke Union. After the revolution, Germany refused to complete the power plant, as it feared that Iran would try to obtain nuclear weapons (Hibbs 1991). The US demanded Russia abandon the Bushehr project (US Department of Defense, January 2001). While Russia argued that the reactor was not a proliferation risk, it partially gave in to the US when it dropped a plan to supply a uranium enrichment facility to Iran (Cirincione 2002). China is another important factor in the Iranian nuclear energy program. According to an April 1996 US Department of Defense report, in 1991 China supplied Iran with 1,000 kilograms of uranium hexafluoride, 400 kilograms of uranium tetra fluoride, and 400 kilograms of uranium dioxide. The report concludes that, at that time, China was Iran’s main source of nuclear assistance (US Department of Defense, January 2001). According to IAEA investigations Pakistan has also played a significant role in

38 See also the interview with Larijani 2006 “Tarh-e Rusiye Ghabel-e mozakere ast” (The Russian proposal is worth negotiating). Iranian Students News Agency, 6 February.
the Iranian nuclear energy program, providing Iran with technology and assistance for centrifuge enrichment (Rashid and Gedye 2004: 13). Pakistani President Pervez Musharraf denied that the transfers had been officially authorized (Associated Press 26 December 2003), but it is believed that Pakistani intelligence services and senior military commanders, among them Musharraf, had been fully aware of the deals (Rashid and Gedye February 2004: 13). The IAEA also investigated the involvement of several other countries in Iran’s nuclear energy program. It is believed that companies in Germany, Switzerland, Austria, and other Western European countries have been involved (Associated Press 26 December 2003). Although most European countries act in accordance with the prohibition on nuclear trade with Iran as introduced by the US in the 1980s, the involvement of European firms in the Iranian nuclear energy program shows how difficult it is to control the trade in nuclear-related technologies.

The nuclear problems could solve themselves if the Reformist forces within the Iranian political elite ultimately triumph. After the 2005 parliamentary elections and 2006 presidential election, both of which were won by the Conservative faction, this seems rather unlikely in the short term. Meanwhile, Ahmadinejad’s confrontational rhetoric towards the West, Iran’s nuclear issue, the failed US policy of regime change in Iraq, the re-emerging Palestine-Israel conflict since the election of Hamas as the leading party in the Palestine parliament, and the recent war between Hezbollah and Israel in Lebanon have created new tensions in the Persian Gulf region.

Conclusion

The Iranian Islamic revolution transformed the country’s foreign policy of maintaining good relations with the US, Israel, Europe, and US-friendly Middle Eastern regimes to one of confrontation with the West and Israel and of supporting Middle Eastern resistance movements aimed at overthrowing pro-Western and secular oriented governments.

Since the Islamic revolution the Iranian government has, for the most part, continuously followed an anti-US, non-alignment, and pro-South foreign policy, though parts of the Iranian political elite have adopted different foreign policy approaches in the course of time in response to domestic and external developments. To show the different approaches to foreign policy in this article, a distinction has been made between four phases. Phase 1, from 1979-1989, when Khomeini was the Supreme leader, was mainly ideologically driven. Khomeini followed a confrontational and isolationist foreign policy that was very much influenced by his own interpretation of Shi‘i ideological
doctrine. The following two presidents, Rafsanjani and Khatami, in phases 2 and 3, followed a pragmatist approach toward foreign policy. Rafsanjani adopted a more pragmatic foreign policy orientation not least because of his attempt to improve the devastating economic situation of his country and to attract FDI. Khatami's presidency inaugurated important changes in Iranian foreign policy, especially improved relations with the EU. Since Ahmadinejad's election to the present day—phase 4—foreign policy has again shifted. President Ahmadinejad, who seems to be a hardliner à la Khomeini, has used a very hostile tone, especially against the US and Europe. In the short term Ahmadinejad complicates Iran's foreign relations, especially towards the West. In the long term, however, the existence of different political factions and the presence of competing power centers—not Ahmadinejad—are the main obstacles to overcoming the paralysis in strategic thinking and foreign policy decision-making. Iran's foreign policy is closely linked to the policy preferences of the Iranian ruling political elite and whichever particular group of the elite has power over political decision-making at any given point in time. Changes in foreign policy are not a reflection of reforming the IRI's basic structure, but of meeting domestic, regional, and international challenges. Fundamental foreign policy reorientation requires the reform of Iran's entire political system. Until now, however, the prime objective of both foreign and domestic policy has been regime survival. The eventual outcome of the factional struggle for power will have a great impact on Iran's role in international affairs and its foreign policy strategy: how it views the world, what policies it will choose in order to pursue its interests, and which resources it makes available to pursue its foreign policy goals.