

Iran: Balancing East against West

There are no bells, no sirens, and no early-warning systems that signal Iran's eastward shift. After struggling to develop political and commercial relations with the United States and Europe, Iran has forsaken this approach. Having survived 25 years of isolation, war, and sanctions, Iran's leadership is no longer willing to bargain away its national security concerns, nuclear ambitions, human rights policy, or commercial creativity for unfavorable Western political and trade incentives. The Iranian regime is looking to the East, where human rights violations and proliferation proclivities are considered practical matters of regime survival.

Iran has searched for and found strategic partners willing to accept its nefarious activities and willing to deal with it on a quid pro quo basis. Iran's carefully cultivated relationships with China, Russia, and India are providing it with the economic and political coverage that it could never obtain from the West. From the perspective of Iran's leaders and their Eastern counterparts, a perfect storm of interests is gathering, anchoring the strategic Silk Road and enabling these countries to circumvent the United States and Europe. This shift has been effective in light of the pending nuclear crisis, as Iran is now successfully using its cultivated commercial and strategic relations with China, Russia, and India to counterbalance the threat of Western nuclear sanctions.

These three nations have each secured important domestic, regional, and economic links to Iran. They have proved useful for Iran both at the International Atomic Energy Agency (IAEA) and the UN Security Council, where China, Russia, and India have opposed sanctions and military action against Iran. In doing so, they have morphed their relationships with Iran from com-

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The Washington Quarterly • 29:4 pp. 51–65.

mercial ties toward an increasingly strategic alliance. Further solidifying this shift toward the East has been the election of the revolutionary nationalist ideologue, Mahmoud Ahmadinejad, as Iran's president. Unlike his predecessor, Muhammad Khatami, Ahmadinejad is lured by the strength and stability of the East. The question is, is today's globalizing economy already diverse enough for this strategy to work?

Abandoning the Western Dream

For centuries, Iran oriented its vision and focus toward the West. As Indo-European descendents, Persians prided themselves on their distinct ancestry in the region. Each Persian dynasty ranging from the Safavid to the Pahlavi focused its policies toward Europe and the United States. So profound has been the Iranian obsession with the West, especially during its twentieth-century Pahlavi modernization campaign, that Iranian author Jalal al-Ahmad wrote *Gharbzadegi: Weststruckness*,¹ capturing the Iranian national submission to the West and its technology.

In contrast to this obsession, Iran's vacillating international pendulum took a neutral stance during the apogee of the 1979 Iranian Revolution. Ayatollah Ruhollah Khomeini pursued a policy of "neither East nor West," seeking to disassociate Iran from the overimposing policies of the United States as well as the ideological policies of the Soviet Union. The economic consequences of isolation and the 1980–1988 Iran-Iraq War, however, forced Tehran to seek regional integration at the start of the 1990s, ending its decade-long seclusion. At that time, Iran's reemergence into the world of commerce was initially directed toward the United States. Engaging the "Great Satan" was necessary to fill Iran's empty coffers and the mouths of the hungry population simultaneously. Yet, Iran's postwar international policy of economic and political moderation failed. Iran asked the U.S. oil company Conoco to develop oil fields in 1995, a move that signaled Tehran's desire to improve relations with Washington. Congressional pressure, however, forced President Bill Clinton to issue an Executive Order banning the development of petroleum resources in Iran for national security reasons. This move paved the way for the Iran-Libya Sanctions Act (ILSA), passed in 1996. The ILSA imposed sanctions on any company that invested more than \$20 million in Iran's energy sector. There did exist a waiver provision that allowed for investment in Iran by Gazprom, Total, and Petronas in 1998. In general, though, these stringent measures compelled Iran to find alternative trading partners.

The European Union offered a second-best alternative and alleviated Iran's desperate revenue shortfall. This arrangement proved successful only for a short time, however, as European complaints about Iran's nefarious

human rights record, terrorist activities, and clandestine nuclear program slowly began to impede investment progress as early as 1997. Trade and commercial ventures became contingent on social and political reform. For the theocratic government, pleasing the EU required ideological compromises on its revolutionary ideals. When oil prices were low, Iran temporarily acceded to the ebb and flow of European pressure. As oil revenues increased, Iran had the luxury of seeking out other trading partners equally eager for a quid pro quo.

In 1997 the election of the reformist Khatami as president brought the hope of a “Tehran Spring” to the Iranian political and social scene. Twice elected—the second time in 2001—with an overwhelming majority, Khatami sought to challenge the institutionalized system on civil rights and political liberties. His reformist camp is no longer at the helm of the ship, however, having been systematically marginalized and then defeated in the February 2004 parliamentary elections, as well as in the recent presidential election in June 2005.

Iran's national interest has been reoriented toward the East.

Tehran Tango

What remains today in Iran is the ongoing ideological divide between conservative and pragmatic politicians, otherwise known as the contest between strict constructionists and judicial activists. The former adhere to the initial revolutionary principles of Imam Khomeini; the latter argue for an evolutionary revolution that strives forward in pursuit of Iran's national interests. The latter group, the pragmatists, would seek to compromise ideology in favor of relations with the United States and economic incentives to provide their government with long-awaited legitimacy and security. The conservative clerics, however, fear that such a compromise would usher in an era of political contest and instability that would culminate in an end to clerical rule.

In the long run, although the domestic debate over Iran's direction is still unresolved, the June 2005 presidential election changed the course of the country's future. Many analysts predicted that the pragmatic candidate and former president Akbar Hashemi Rafsanjani would capture the polls, but an Islamist underdog candidate emerged instead as the victor in the country's first runoff election. Ahmadinejad, Tehran's former mayor, is a child of the revolution. A devout Muslim and loyalist to the regime, he worked his way through the rank and file of government positions. Running on a populist agenda seeking to roll back corruption and return Iran to the Islamist revo-

lutionary ideology of Khomeini himself, Ahmadinejad was not only the last-minute choice of the supreme leader but also a dedicated member of the Revolutionary Guards. His election brings the country's first nonclerical nationalist president to power. In addition, he has ushered in the ascendancy of his elite corps along with his unique messianic ideology.

With a national interest directed at preserving the Islamic Republic, it goes without saying that the new president is inclined to preserve the Islamic state at all costs. In this vein, the national interest has been reoriented toward the East, as demonstrated by Ahmedinejad's recent statement that "[o]ur nation is continuing the path of progress and on this path has no significant need for the United States."² Having witnessed Iran's failed flirtations and attempts at rapprochement with the West through a 16-year *détente* policy, these hard-liners are no longer willing to sacrifice the country's image, security, and commercial interests in exchange for humiliating Western agreements. Indeed, they hope to advance Iran's goal of becoming both an indispensable regional power and an economic and technological powerhouse. Ahmadinejad's economic vision is clearly married to his political vision, in which expanding trade and security relations with China, Russia, and India can bolster Iran's role in the global economy.

Chinese Checks and Balances

Beijing's relationship with Tehran requires a delicate balancing act between China's ever-growing energy demands and its foreign policy calculations. Beijing's unquenchable thirst for energy supplies has dictated its newly cultivated relations with oil-rich states such as Iran. This relationship, among others, has brought China into conflict with the United States, which seeks to restrict all possible investment into the Islamic Republic.³ For Chinese leaders, walking the line between their growing domestic energy imperatives and their fragile relations with the Bush administration is increasingly important. Iran underscores the convergence and divergence of Sino-U.S. interests. Most recently, Chinese ambassador Lio G. Tan highlighted the importance of the Iranian market for China, noting that "the abundant natural resources, big market, geographical location, and educated workforce are among relative advantages of Iran, stressing the expansion of mutual cooperation."⁴ Its growing dependence on Iran signifies that economic synergies are also generating strategic ones.

China became a net importer of oil in 1993. Capitalizing on its relations with isolated, resource-rich countries, China set out to capture untapped energy markets. Iran, with the world's fourth-largest reserves of oil and second-largest reserves of natural gas, was one of those markets. Moreover, its strategic proximity and increasing economic and political impact, given its

location between the Caspian Sea and Persian Gulf, enhanced its viability. Recently, the Sino-Iranian dynamic has been enhanced through commercial energy ties. The two countries signed a 25-year liquefied natural gas (LNG) contract worth \$100 billion, on top of the 150,000 barrels of crude oil to be sold daily to China at market prices. For China and Iran, this deal is a commercial and political coup, providing each with their respective energy and security requisites.

A second phase of the Iranian-Chinese strategic energy-cooperation agreement will involve constructing a pipeline in Iran to take oil about 620 miles to the Caspian Sea to connect with the planned pipeline between China and Kazakhstan. This proposal subverts staunch U.S. attempts to redirect the Baku-Tbilisi-Ceyhan pipeline away from Tehran and undercut the Islamic regime's attempts at exporting its oil.

In 2004, trade between China and Iran hit a record \$7 billion, a 42 percent increase from bilateral trade in 2003 of \$4 billion. Non-oil trade was at a record high of \$1 billion for 2004 and doubled in 2005.⁵ By 2008, Chinese-Iranian trade is expected to reach a record high of \$10 billion. This bilateral trade flow, however, is paltry compared to the \$202 billion in U.S.-Chinese bilateral trade in 2005.⁶

With their booming economies and young consumers hungry for foreign goods, the economic synergies of the Sino-Iranian relationship are obvious. It was the Chinese that helped the Iranians build the Tehran metro system, and a second transportation project is already underway. Additionally, the Chinese are building Iranian highways and airport runways, even as China's own infrastructure development moves at breakneck speed. Furthermore, China's Cherry Automobile Company burst onto the Iranian scene in 2003 and now manufactures 30,000 cars annually. Today, there are more than 100 different projects percolating on the Iranian-Chinese stove. China's ravenous appetite will be satiated by Iranian commodities and in doing so will continue to fortify the strategic Silk Road. The conservative ideologue and editor of the traditionalist government-run newspaper *Kayhan*, Hossein Shariatmadiari, recently described the Sino-Iranian dynamic best: "Sanctions are not useful nowadays, because we have many secondary options in markets like China."⁷

Throughout the years, as Beijing scoured the world for oil and gas, its strategy was to keep politics and energy as separate as possible. This task is no longer feasible, however, as they collide over Iran's nuclear aspirations. The Bush administration is pressing China, as a member of the Security

An ongoing ideological divide between conservative and pragmatic politicians remains.

Council, to be a more engaged and responsible player on the international stage, including in North Korea and Iran, to prove that Beijing is, as it claims, a force for peace that can be trusted in a time of crisis.

Because Beijing needs to send a simultaneous message to North Korea's Kim Jong Il, who is eagerly observing how the Iranian nuclear process plays out, Iran's nuclear program presents a dilemma. This is the precise reason behind China's initial support for Iran's UN Security Council referral. Needless to say, despite joining the cabal for this referral, both Beijing and Moscow have maintained diplomatic links to Tehran. Currently standing sentry with their Russian comrades, the Chinese stated, "In making any actions or decisions the concerned parties should be focused on whether they truly help to reach a lasting resolution of the Iran nuclear issue, and whether they help the peace and stability of the region.... That is why we should give diplomacy more time and more space."⁸ Most interesting is that, in the heat of the nuclear uproar, Beijing and Tehran have announced their intention to conclude the final steps of the Sinopec LNG negotiations, allowing for the development of the Yadavaran oil field in southern Iran to commence. The timing of the announcement reveals that both sides fear the implications of sanctions cutting off future investments and thus want to protect their arrangement.

China has shown itself willing to play an active role as long as the focus in Iran and North Korea is on peaceful diplomacy, but it is unclear whether China would be prepared to endorse a U.S.-led punitive action that could be detrimental to its own interests. In 1997, for example, after significant U.S. pressure, China stopped supplying Iran with any nuclear-related technology. Today, however, China's willingness to take sides with the United States against a friend and energy supplier such as Iran could alarm some of its other suppliers, from Sudan to Burma.

For Beijing, the balance of commercial and energy interests in the tense international environment hangs on Tehran's menacing behavior and U.S. and European pressure. Despite its domestic demands, China has avoided using its veto to unseat any U.S.-backed measures at the Security Council in the past decade.⁹ It is part of a subtlety in Sino-U.S. relations dating back to the 1972 Shanghai Communiqué that Beijing is not willing to abandon. Maintaining good relations with Washington is a policy that must be delicately sustained while simultaneously guaranteeing its energy security and strategic interests. Beijing will walk this tightrope with great caution.

Russian Roulette

As geographic neighbors, Russia and Iran have a historically entangled relationship. The memory of Russia's imperial arm overextending into Iran through the Qajar dynasty and even impeding Iran's first democratic process

in the Constitutional Revolution of 1905–1911 has not been forgotten. During World War II, the Soviet Union invaded northern Iran and refused to withdraw from Iranian Azerbaijan after the war had ended. By the time Khomeini's revolution took hold, there existed an uneasy tension with the Soviet North. The breakup of the Soviet Union and its retreat from Afghanistan, however, led to a thaw in Russian-Iranian relations. In fact, the birth of new republics in the Caucasus and Central Asia resulted in a newfound cooperation between them.¹⁰ Ultimately, seeking to curtail both U.S. and NATO expansion into the blossoming region, Russian-Iranian interests melded into a shared strategic vision. As a result, there began a *de facto* cooperation between the two powers on the Caspian Sea, trade in the larger region, and nuclear development.

Islamic Iran tried to export its revolution to the Caucasus and Central Asia, but the predominantly Turkic populations would not receive Iran's brand of political Islam.

Subsequently, it supported Russian strong-arm strategies in Chechnya, Nagorno-Karabakh, and Tajikistan in an approach of accommodation with its northern neighbor.¹¹ Russia and Iran have continued to cooperate on policy in Afghanistan, particularly as the defeat of the Taliban sent ripple effects across the region, damaging both countries' interests and leading to their cooperation on curtailing the drug trade.

Another growing synergy between Moscow and Tehran is bilateral trade, which currently rests at only \$2 billion.¹² The Kremlin predicts, however, that Russian-Iranian trade is poised to increase to \$10 billion in the next few years.¹³ Moscow has provided Iran with consumer goods, foodstuffs, and oil and gas equipment and has assisted Iran on infrastructural projects. It has also supplied ballistic missile technology, chemical and biological programs, and a range of lucrative contracts for aircraft, jet fighters, helicopters, submarines, tanks, and air-defense missile systems.¹⁴ From the Russian perspective, though, these exchanges do not advance Iran's proliferation penchants, as much of the equipment is considered outdated and obsolete. The missile systems in particular are a controversial contract. They possess an effectiveness range of up to 12 kilometers and could potentially target airplanes and drones, thereby shielding any nuclear installation from military assaults.¹⁵

The most troubling part of the Russian-Iranian relationship is the contribution Moscow has made to Tehran's nuclear program. Russia became the frontrunner in developing Iran's nuclear program as part of their August 1992 long-term trade and cooperation agreement and the 1995 Bushehr nuclear power plant deal. This deal was beneficial for both countries, as Russia

India could be the decisive bargaining chip between Iran and the United States.

Because of this Eastern strategy, threats of Western sanctions are unlikely to be effective.

sought to enhance its role as a global supplier of nuclear energy technology and Iran desperately sought to jump-start its reactor project, which had been stalled by the revolution and the Iran-Iraq War. During the Clinton administration, Washington increased its pressure on Moscow to renounce support for the Bushehr project, which the United States strongly opposed, and used its intelligence-sharing information to convince their Russian counterparts

of the existence of an Iranian nuclear weapons program.

Despite this information, when Vladimir Putin was elected president in 2000, he allowed Russia's work at Bushehr to continue. The nuclear program has not only earned Russia a mere \$800 million but has also brought it into direct conflict with its Western counterparts. Such a delicate balancing act has been problematic, as Moscow was visibly surprised by Iranian duplicity over its

clandestine nuclear program unveiled in 2002. Indeed, Moscow had delusions that its unique relationship with Tehran might afford it a particular level of transparency with regard to its nuclear intentions. As a result, Russia stalled on Bushehr-related work for so-called technical reasons, and the reactor was only completed in October 2004.

As nuclear negotiations began to falter with the EU-3 (France, Germany, and the United Kingdom) in November 2004, Russia assumed the role of balancer, first pressuring Iran to cooperate under the banner of the Nuclear Non-Proliferation Treaty (NPT). With tensions mounting in advance of the February 2006 IAEA vote against Iran's activities, Russia again tried to broker a deal by offering the potential breakthrough solution to enrich uranium on Russian territory as part of a Russian-Iranian joint venture. As Iran's dossier was advanced to the Security Council, however, the Iranian government stated it would no longer consider the proposition and continued to assert its right to pursue a nuclear program and even recommence enrichment.

As the Iranian nuclear game continues to play out, Russia must be cautious in its strategy. Thus far, it has tactically toed the line against sanctions, along with its Chinese counterpart. Yet, as the nuclear sanctions debate unfolds, it is clear that a ban on military and nuclear energy dealings with Iran would have immediate economic effects on Russia. Most recently, Russian foreign minister Sergei Lavrov has argued that "Russia on principle doesn't think sanctions can achieve a settlement, especially in the Middle East where there's so much going on."¹⁶ For its part, Moscow indicates that penalties would backfire and cut off what little cooperation Iran is still providing. Russia, under clear U.S. pressure, avows a subtle line where it must maintain its regional strategy and inter-

ests against international pressure. Because both countries' regional interests continue to trump the U.S. hand, Tehran has retained the tactical advantage as the debate plays out in the Security Council.

Ultimately, Russian-Iranian interests are most intimately tied to regional and geostrategic issues. Putin has remained steadfast in his relations with Iran, sending clear signals to Tehran and Washington that, despite Iran's nuclear ambitions, Moscow will not endanger its strategic relationship with Tehran. Iran has been able to exploit the regional, commercial, and strategic linkages with its old nemesis, knowing full well that Russia will favor its domestic and regional priorities over those of the international community.

Indian Inkling

By 2010, India is poised to become the world's fourth-largest consumer of energy. As such, New Delhi has forged relations with countries that can assist it in its quest to secure adequate resources. It has even worked strategically with its age-old archenemy, Pakistan, in the international game of pipeline politics. India's relationship with Iran, however, goes beyond a proposed gas pipeline. Interestingly, Tehran yet again is the beneficiary of domestic and regional politicking. New Delhi too has both a commercial and military attraction to the clerical cadre in Tehran that has complicated India's decisions over Iran's nuclear flagrances.

For political, economic, religious, and energy reasons, political parties in India have encouraged relations with Iran. Principally, the Congress Party and Bharatiya Janata Party had sought closer ties with the theocratic Islamic republic to balance against Muslim Pakistan. Catering to the members of their domestic Muslim population who support their Iranian neighbors, the government has used this relationship to ingratiate itself with its Shi'a constituency. India has the second-largest Shi'a population in the world, and improving ties with Iran could send encouraging signals to the nearly 20 million Shi'a in the country. Moreover, the Indian leftists see Iran as a vanguard challenging U.S. imperialism as members of the Non-Aligned Movement (NAM).

Although Indian policymakers tend to downplay military relations with Iran, their strategic relations have a significant military dimension. The two countries conducted a joint naval exercise in March 2003, conceivably motivated by the U.S. naval presence in the Persian Gulf. Iran sought India's help to service its naval and air force equipment, as well as to develop batteries for its submarines, as India's batteries are more suitable for the warm waters of the Gulf than those supplied by Russia. For its part, Iran has returned the favor by demonstrating to India some of its defense development programs,

including 1,000-pound bombs, Fadzi-3 rocket systems, and Hadaf-300 training unmanned aerial vehicles.¹⁷

India is also helping Iran in its quest to become the transportation hub linking the Persian Gulf to Central Asia by building a transport corridor that will link India with Central Asia through Afghanistan and Iran. As part of this project, India will assist Iran in modernizing the southeastern Chahbahar port on the Strait of Hormuz, connecting it to the main roads. India also signed a memorandum of understanding more than a year ago with Iran and Turkmenistan to facilitate Indian exports to Central Asian countries by rail

across Iran from the port of Bandar Abbas, which links the Persian Gulf to the Gulf of Oman. There also is an agreement among Russia, India, and Iran to construct the North-South International Transport Corridor. The creation of an East Corridor connecting Uzbekistan, Iran, and Afghanistan is also being discussed.

Most importantly, Iran's growing role as an energy source in the Indian economy has accelerated

Iran's prospects as a long-term supplier of gas. Recently, the two concluded a \$22 billion agreement under which Iran would supply India with five million tons of gas annually over a 20-year period. Additionally, the recent coup is the conclusion of the Indo-Pakistani-Iranian gas pipeline project, which was first advanced in 1989 but finalized only in 2006 due to a strain in bilateral relations. The pipeline will be expected to transport 90 million standard cubic meters of gas daily from Iran's South Pars fields to India and 60 million to Pakistan by 2009–2010. India's minister for petroleum and natural gas, Murli Deora, stated, "We need gas from Iran to meet [the] energy needs of India, and we are committed to make the project happen."¹⁸ Indeed, this step forward has solidified the strategic nature of the Indo-Iranian relationship.

Despite these commercial synergies, India has taken some bold moves vis-à-vis Iran. Washington strongly opposed the Indian-Iranian gas pipeline deal, calling on the former to seek alternate energy sources so that Tehran would remain isolated. Faced with intense U.S. pressure, India surprised many when it voted in favor of the IAEA resolution condemning Iran for its continued nuclear opacity. This resolution could lead to action against Iran in the Security Council for violating the NPT unless Tehran suddenly eases international suspicions about its ambitions. Although India sought to downplay the move, claiming it had worked behind the scenes to soften the resolution, it clearly ruffled Tehran. Although Iran's gas deal with India was not canceled and in the end was approved by the Bush administration, relations were strained as a result.

It is possible that an Eastern bloc is forming after all.

Iran's leadership therefore has to hope that India's vote was a tactical move meant to stall the United States for a few months while Congress approves a recently negotiated nuclear power deal with India. The deal has received significant attention in light of Iran's nuclear fallout, but there are questions surrounding the timing of the Bush administration's legitimization of the Indian nuclear program after years of congressional sanction. Moreover, many U.S. lawmakers are wary of India's penchant to proliferate and the perceived double standard this sets in light of UN action on Iran. Ironically, the Bush administration is currying favors with Indian prime minister Manmohan Singh's government to ensure its support on Iran. If Congress blocks this tactical agreement, however, India is sure to withdraw support in the NAM on UN action against Iran.

For Iran, India's vote could signal a long-term strategic shift in policy, where New Delhi would ally with Washington over Iran in these ongoing confrontations. This possibility could be deeply disturbing to Tehran if it was hoping that India would become a strategic partner. Needless to say, Singh has told deputies that "confrontation should be avoided at all costs." He added that, "for this to be possible, time must be given for diplomacy to work. Confrontation is not in the interest of India or of our region."¹⁹ In essence, India is taking a middle-of-the-road approach, attempting to placate both the East and West, the former for domestic reasons and the latter for international reasons. As a result, India could be the decisive bargaining chip between Iran and the United States, with both states competing for New Delhi's affirmative support. Essentially, though, if New Delhi is to remain a leader of the NAM, India cannot support any sanctions policy without appearing hypocritical. Because it is not a permanent member of the Security Council, however, it may not be forced to make a decision. The most likely option in the wake of its pending nuclear deal with the United States is to support U.S. policy tacitly while subtly maintaining relations with Iran.

International Implications

Because Tehran has been strategically seeking to minimize its vulnerability and seek economic opportunity in the East from Russia, China, and India, threats of Western sanctions against Iran are unlikely to be effective in resolving the nuclear quarrel. Russia is expected to maintain a similar strategy to China in the standoff, in what is emulating an East-West divide.

China and Russia are members of the Shanghai Cooperation Organization (SCO), an intergovernmental body founded by China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. The SCO was initially established as an open and nonaligned organization, and it was not initially targeted at a third party.²⁰ Theoretically, the SCO could prove to be a threat to the West.

With these ties to the East, Iran is circumventing the West.

Although a Beijing-Moscow alliance would normally not be taken seriously given the historical animosities and mixed commercial-energy pledges by Moscow to Beijing, in light of the recent warming in their relations and merging of their interests in the Security Council, it is possible that an Eastern bloc is forming after all. Most recently, Iran, Pakistan, and India have joined the SCO as observer nations, hoping to become full members eventually. Iranian vice president Muhammad Reza Aref said that Iran could become a bridge between the SCO and Persian Gulf states.²¹ The group represents a merger of security and energy interests that could pose a challenge to U.S. interests in the Caspian and South Asia regions.

Iran's eastward focus has clear regional, commercial, and strategic dimensions that factor into its unique domestic and international balancing act. Indeed, Iran's calculated turn to the East has served it well, cultivating profitable trade relationships while developing Tehran's lagging energy, security, and nuclear infrastructure and technology. Moreover, these associations have surprisingly counterbalanced Iran's tenuous nuclear position. The lack of unanimity within the Security Council today can be attributed to China's and Russia's strategic relations with Iran. Iran's ambassador to the UN, Muhammad Javad Zarif, said, "We do know that Russia and China have been doing their best during this period to find a peaceful solution, and we are thankful to both and to the non-permanent members of the Security Council that are members" of the NAM.²²

The challenge for the clerical regime is the consistent pressure coming from the Bush and Blair administrations, which have sought to isolate the Iranian government from its people and to impose sanctions and other measures that would constrain and weaken the theocratic Iranian government. The U.S. Department of State has gone so far as to request \$75 million from Congress in an effort to promote democracy in Iran.²³ This democracy promotion effort is unmistakably perceived by Tehran as a regime-change attempt that further exacerbates the security tensions lingering large in the clerical mindset.

As for Western policy, the Bush administration, both by choice and by virtue of the globalized world, is being forced to cede concessions to other countries, thus limiting its effective policy options with regard to Iran. This has yielded some benefits for Washington, as it has been able to outsource its Iran policy, but it has also had to compromise in the IAEA and the Security Council. In the long run, U.S. policy options toward Iran might be further restricted by multilateralism.

The Bush administration has countered by continuing its pressure on Iran and other countries through the ILSA, first renewed in 2001 for five

years and up for renewal in 2006. Yet, congressional representatives would like to pursue a more strident bill known as the Iran Freedom and Support Act, which would authorize President George W. Bush to impose sanctions against any international company investing more than \$20 million in Iran's energy sector.²⁴ The House of Representatives has already voted to support Iranian human rights and pro-democracy forces in the United States and abroad, opposing what it calls the nondemocratic government of Iran.²⁵

Such sanctions are unlikely to impact the Iranian energy sector further, as Iran's new Eastern allies have filled this Western void in the energy market. Furthermore, although these sanctions will indeed be international, it is unlikely that Bush will place sanctions on companies investing in Iran. The pretense behind this legislation lies in a subtle loophole that enables even U.S. companies to invest in Iran through a foreign subsidiary. Although the bill does restrict the president from granting waivers, he still has the ability to forgo sanctions in the interest of national security. Ironically, in an effort to balance U.S. international interests, the administration asked Congress to resist tightening sanctions against Tehran in order to maintain unity with allied nations. Undersecretary of State for Political Affairs Nicolas Burns reported to the Senate Banking Committee that "[w]e're at the point in our diplomacy now where ... we want to turn attention toward the Iranians, not our allies, because we don't want to weaken the international coalition that we've created."²⁶ As China, Russia, and India all maintain bilateral relations with the United States, each with its own particular symbiotic interests, it is very likely that, in the political bazaar, some bartering will take place to overlook such continued investment in Iran. Bush's acceptance of the Iranian-Pakistani-Indian gas pipeline as a concession to his newly minted Indian allies may foreshadow such deals.

Clearly, Iran recognizes the delicate balancing act involved in its strategic decision to reorient its policies toward the East. Both the clerical regime and its new international allies are under significant pressure from the West to break these bonds and to acquiesce on the nuclear front. China, Russia, and India must also balance their international priorities against domestic ones. The Bush administration has used carrots and sticks to encourage Beijing, Moscow, and New Delhi to maintain a united front, albeit unsuccessfully. With these ensconced regional, commercial, and strategic ties to the East, Iran is circumventing the traditional economic leverage and appeal of the West. The Iranian nuclear showdown has demonstrated that Tehran has created options by balancing East against West. If successful, this technique may even serve as a model for other countries, that, in today's globalized world, an alternative to the United States and Europe exists with the rising economic powers of Asia.

Notes

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