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Iranian Policy in Central Asia: Expansion of Influence

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In 2022 – 2023, strengthening its influence in Central Asia became one of Iran’s key foreign policy objectives. The following factors have accounted for this trend:

- Iran’s apprehensions about the possible weakening of Russian positions in Central Asia due to the concentration of Russian resources on the Ukrainian crisis.
- The growing influence of Turkey in Central Asia. As Azerbaijan has in fact become Ankara’s junior partner and Turkmenistan is drifting closer to Turkey, Iran needs to avoid the “Turkish encirclement” from the north. The importance of the problem is exacerbated by the risks of involving the Azeri and Turkmen minorities in Iran into the attempts to destabilize the Islamic Republic.
- The pressure of the Taliban on the Afghan Hazara community, fears of Afghan refugees’ destabilizing impact on Iran, the heightened border and water contradictions with the Afghan authorities that resulted in military clashes on the Afghan – Iranian border in May 2023.
- The establishment of the new political regime in Pakistan in April 2022, followed by Islamabad’s rapprochement with the US.
- The completion of years-long process of Tehran’s admission into the Shanghai Cooperation Organization in July 2023.
- The normalization of relations with Saudi Arabia in March 2023 eased the pressure exerted by the alliance of the Arabian monarchies on the Islamic Republic, making it possible for Iran to divert part of its foreign policy resources from the Middle East to other foreign policy priorities.

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The following major directions of Tehran's growing activism in Central Asia can be traced:

1. Cultivating special relationships with Tajikistan and establishing the outpost of Iranian influence in Central Asia in this country. Apparently, Iran hints at being ready to act as a co-guarantor of Tajikistan's security and of the smooth transition of power in Dushanbe from President Rahmon to his son Rustam Emomali. Among Tehran "assets" are its ability to influence the Iran-linked faction of the Taliban (if necessary, Iran can carry out limited military actions in Afghanistan) and to exert control over a considerable part of anti-Rahmon opposition.

In May 2022 Iran opened the factory producing *Ababil-2* drones in Tajikistan. Soon President Rahmon paid a visit to Tehran, the first in almost a decade. The program of trade and economic cooperation until 2030 was signed, Agreements were reached on the establishment of a joint Chamber of Commerce and Industry and a joint Investment Council and on the resumption of direct air flights. Iran pledged to complete the construction of the Anzob Tunnel. In June 2022, Deputy Interior Ministers co-chaired the first meeting of the bilateral working group on security.

At the December 2022 meeting of the intergovernmental commission on economic cooperation, Iran announced the intentions to invest in the reconstruction of oil refineries in Tajikistan. Iran and Tajikistan declared that the Iranian school that had been built long ago but did not function would soon be opened in Dushanbe. It was announced that the trade turnover, though modest in absolute terms, had tripled in 2022. In May 2023, Iran and Tajikistan agreed to launch training programs for medical doctors in Iranian universities.

2. Preventing Turkmenistan from what Tehran sees as excessive rapprochement with Turkey. Iran made concessions to Turkmenistan, agreeing to pay the previously disputed debt for gas imports, to resume Turkmen gas deliveries via the Korpeje – Kordkuy pipeline, and to increase the volume of swap gas deliveries under the trilateral agreement with Azerbaijan and Turkmenistan. However, Iran refrains from ratifying the Convention on the Legal Status of the Caspian Sea unless the delimitation of the seabed with Turkmenistan and Azerbaijan is effected, retaining the legal means to block the construction of the Trans-Caspian pipeline. In June 2023 Iran announced the plans to launch a "gas hub" in the Bushehr Province with the participation of Russia, Qatar and Turkmenistan.

3. Inducing Uzbekistan to maintain neutrality in the US - Iranian confrontation. Iran is worried by the intensifying US – Uzbek cooperation and the risks of Uzbekistan returning to the anti-Iranian stance similar to that of the second half of the 1990s. Tehran tries to persuade Tashkent of the benefits of developing bilateral economic cooperation and a regular dialogue on security issues. In March 2022, the two countries established a joint security commission chaired by the secretaries of the National Security Council of Uzbekistan and Iran's Supreme National Security

Council. In September 2022 a memorandum of understanding envisaging Uzbekistan's using of the Chabahar port was signed and agreements on Iranian companies' participation in the modernization of Uzbek refineries in Bukhara and Ferghana. The idea of the international transport corridor Uzbekistan – Turkmenistan – Iran is under discussion.

In June 2023, the Uzbek President paid a visit to Tehran, the first in twenty years. The intergovernmental preferential trade agreement was signed which opens, by Iranian estimates, the prospects of expanding the annual trade turnover to \$1 billion as well as memorandums on cooperation in opening joint free economic zones, pharmacology, transport and transit. However, the Uzbek vector remains one of the most problematic in Iran's Central Asian policy. If US – Iranian conflict escalated, there is a considerable risk that Tashkent would support the Americans.

4. Expanding trade and economic cooperation with Kazakhstan. Iran offers Kazakhstan a transport alternative to the Russian and Azerbaijani-Turkish routes. While visiting Tehran in June 2022, Kazakhstani President Tokayev underlined the importance of making wider use of the Kazakhstan – Turkmenistan – Iran railroad potential and shipping more goods from Kazakhstan to Iran over the Caspian. A memorandum on cooperation between the JSC *Kazakhstan Railways* and *Iranian Railways* was signed. The first container train launched online by the Presidents of Kazakhstan and Iran made the way from Pavlodar to Tehran within 12 days.

In November 2022, Tehran and Astana signed a memorandum on increasing cargo flow from 1 to 4 million tons per year. Iran pledged its support to Kazakhstan in exporting agricultural products to Pakistani and Indian markets. Iran and Kazakhstan announced their intentions to optimize customs procedures, to establish a joint export-import company and to launch a pilot project for the transport of goods by road through the Kazakhstan – Turkmenistan – Iran corridor using navigation seals. Iran agreed to reserve a plot for Kazakhstan at the port of Bandar-Abbas for the construction of a grain terminal. The resumption of Kazakh oil swap deliveries to Iran is under discussion. Iran and Kazakhstan introduced a 14-day visa-free regime for citizens' travel.

In April 2023, Kazakh prime minister Smailov visited Iran and signed an agreement on the development of transportation between the ports of Kuryk and Amirabad. The two countries explore the prospects of establishing a joint venture to export agricultural goods from Kazakhstan to the Persian Gulf countries via Iran.

However, the development of trade and economic cooperation between Kazakhstan and Iran is hindered by relatively modest volumes of trade (see *Attachment*), anti-Iranian sanctions, difficulties in making payments, the dependency of Kazakh authorities and the multinational companies active in Kazakhstan on US policies as well as by the reluctance of Arabian monarchies and Pakistan to bolster Iran's regional role by exploiting its transit potential.

Relations with **Kyrgyzstan** remain on the periphery of Iran’s Central Asian policy. The volume of trade is minimal; in fact, Kyrgyzstan hardly needs Iranian ports for exports. Bishkek is concerned by the production of Iranian drones in Tajikistan, although Tehran has assured Kyrgyzstan that Tajikistan “must not” make use of *Ababil-2* in its border conflict with Kyrgyzstan. Iran even offered its mediation in the resolution of the Tajik-Kyrgyz dispute.

It was expected that an impetus to bilateral relations would be given by the meeting between the two countries’ presidents held in September 2022 on the sidelines of the SCO Samarkand summit when the Kyrgyz President was invited to pay a visit to Iran. However, the visit, widely announced in February 2023, did not materialize, apparently due to Bishkek’s prioritizing of the intensive development of relations with Turkey and the Persian Gulf monarchies, the Islamic Republic’s traditional rivals, as well as to Kyrgyzstan’s reluctance to irritate its Western partners. Without haste, Iran and Kyrgyzstan are discussing the establishment of the joint Development Fund, investment projects in transportation, logistics and cattle breeding. In May 2023, a bilateral business forum was held in Mashhad. Iran and Kyrgyzstan express mutual interest in the development of cooperation in higher education. Nevertheless, the trend to more active bilateral interaction is barely visible.

As the prospects of the “nuclear deal” restoration and the easing of US – Iranian tensions become increasingly doubtful, our prognosis for Iranian policy in Central Asia is as follows: moderate progress in Tajikistan, minimal progress in Turkmenistan and Uzbekistan and stagnation in relations with Kazakhstan and Kyrgyzstan.

Attachment

Trade Turnover between Iran and Central Asian Countries, 2020 – 2022
(USD millions)

Country	2020	2021	2022
Kazakhstan	237	441	528
Uzbekistan	243	422	416
Kyrgyzstan	20	27	48
Tajikistan	57	121	238
Turkmenistan	155	368	no data

Among Kazakhstan’s trade partners, Iran is firmly in the third dozen. As to Uzbekistan, in 2022 Iran was the 11th largest importer and the 14th largest export market. For Tajikistan, Iran was one of the ten major trade partners (in 2022, it was the 6th largest export destination and the 8th largest importer). In 2021, Iran was Turkmenistan’s fifth largest importer outpaced by

Turkey, Russia, China and Italy. Though official data on Turkmen – Iranian trade for 2022 are yet unpublished, there have been Iranian reports of the 32 % increase in trade. In 2021, the five Central Asian countries accounted for just 1.8 % of the Islamic Republic’s total foreign trade turnover.