

Iran's Role in Energy Security at Regional and Global Levels

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Abstract

Although tremendous progresses have been made in terms of meeting the needs in all walks of life, the question of "ensuring energy security" remains a top priority for all states across the globe, including the super powers particularly the United States, which continues its endeavors to form a hegemonic world order after the collapse of the Soviet Union. The emergence of growing economic powers in the world has triggered further the necessity of having such a strategic vision concerning energy security. At the same time, the Russian Federation, as the main part of the disintegrated Soviet Union and while enjoying huge reserves of oil and gas, keeps trying to play a major role in energy market at regional and global levels. Under such circumstances, the Iranian oil and gas reserves is being considered as a remarkable source for securing energy in the world. The active presence of the United States in the Persian Gulf region, particularly in Iraq and Afghanistan, has escalated the importance of Iran in ensuring energy supply in this strategic region. In this essay, the author considers the impacts of the political and security developments in post- bipolar system era on the role of Iran in energy supply and energy security.

Keywords: Energy Security, Iran, Middle East, Persian Gulf, America, Russia, and Caspian Sea.

1- Introduction

The decision of the British Marine Forces Command prior to the First World War to replace coal-fed engines with oil- fed engines was in fact the start of the interrelatedness between security and petroleum. Since then, new dimensions have been emerged for the definition of "energy security", and energy supply became crucial in building of the required infrastructures for

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the development of all countries across the globe (Stringer, 2008: 1-3). Globalization in terms of economics and politics has doubled the significance of energy security. Security borders have been adapted to the national interests of the countries. Process of globalization has linked the economic interests of all countries with the world markets. It is now evident that there exists a strong link between the economic development and political power of the countries with the energy security.

Moreover, fluctuations in price of energy resources in the world market have immediate impacts on the economic and political situations of the all countries, including the oil and gas exporting countries. Based on such conditions, the most cost-effective and the best routes for the transportation of energy resources have increasingly influenced the formation of the politics at regional and global levels. The world powerful players and transnational corporations have intensified their competitions over the natural reserves and their routes to markets in western Asia, the Middle East, Persian Gulf region and Central Asia, particularly after the collapse of the Soviet Union. At present, all states attach great importance to the accessibility and control of energy resources. Therefore, they keep utilizing all available means including diplomacy, information, economy as well as military capabilities to ensure energy security.

More than two third of the growth in energy consumption, occurs in the developing countries, which are populous and enjoy high economic growth rates. The rapid economic growth of China and India has considerable impacts on the energy supply in the world. Up until 1970, the United States consumed energy resources two times Asia. In 2005 and for the first time, the energy consumption in Asia exceeded the North American consumption. Although tremendous efforts have been globally made to replace petroleum with the other sources of energy, and the use of natural gas is growing, it is still the main source of energy particularly in the transportation system. The impacts of globalization on energy supply, and its security was clear to everyone during the Hurricanes Katrina and Rita. They not only affected adversely the energy market in the US, but also the energy market in the world (Yergin, 2005: 70) and, thus, created the first global crisis in terms of energy in the 21st century.

Diversification of energy resources and access to energy has become a global policy aimed at securing energy. Winston Churchill expressed a

fundamental principle in energy security: "Diversification in supply, resources and accessible routes" which is still a valid point in global energy security. In other words, diversification of energy resources, are among the most important parameters in ensuring energy security (Stringer, 2008: 7-11).

In this line, China deserves adequate attention. This country, which is the second energy consumer in the world after the United States, has launched an active diplomacy in Asia. Based on some estimates, the energy consumption in China will reach the level of 590 million tons in 2020 from 220 million tons in the year 2000 (Stringer, 2008). The International Energy Agency anticipates that the global consumption of oil will increase 60 percent in 2030 and the transportation systems enjoy the highest rate of growth. In 2030, the number of motor vehicles will reach 1.25 billion, from the today's 700 millions. There exists a growing demand at global level for the gas consumption and the utilization of transportation pipeline routes, due to technical and economic reasons, is required. At present, 70 percent of natural gas resources are being obtained from the local markets.

2- Energy Security Dimensions

Rising oil prices have been accompanied by the growth in nationalism in energy area. Energy security can be evaluated in short, medium and long term perspectives (Isbell, 2007: 2-7). The importing countries are concerned about the energy security in long-run. Although the gas crisis, which emerged by the cut off in supply of Russian gas for Ukraine in 2006, and for Belarus in 2007, was resolved through diplomatic efforts, the concerns over the energy security have been remained. The sanctions imposed by the oil exporting Arab countries in 1973, CIS countries' dependency on Russian Federation, and the efforts of the latter to revive the dominance of the Soviet Union era in the region, have underlined the importance of energy security(Koolae, 1385: Chapter 2). Almost all industrial countries rely on importing energy resources which highly affect all walks of their life. As an example, in Russia, 20 percent of the Gross Domestic Product, 65 percent of foreign currency income, and at least 30 percent of the federal government budget is from exporting energy resources. Energy plays a crucial role in the relationship of Russia with Europe, USA with Venezuela; Persian Gulf with the East Asia, refinery considerations such as Katrina Hurricane, geopolitical

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issues such as Iranian case in the UN Security Council, as well as terrorism has increased the sensitivity of the global market towards the price and supply of energy. The transmission of oil and petroleum has a close and deep connection with political issues. The transmission of energy resources is crucial in the relationship between the Russian Federation and its neighbors. Energy is being used by this country as a tool for revitalization of the Soviet Union hegemony in the region. NATO and the other international security arrangements have included energy security in their agenda.

Moreover, there exists links between the energy supply and medium term considerations in terms of energy security with nationalism. It is estimated that there will be an increase of 50 in energy demand up until 2030 at global level which requires US\$23 trillion investment. It is worth noting that there is a need for US\$4 trillion investment only in oil sector. There is also a connection between the long-term environmental and geopolitical considerations with nationalism which include nationalism in terms of access to energy, fossil fuel and its overwhelming role in energy basket, or nationalism in terms of energy security. Bearing that in mind, the need for energy resource management has escalated the cooperation and, at the same time, competition among states.

It is interesting to note that energy security is central in ensuring national security, and at the same time, a threat to national security. In some cases, application of military forces as a response to threats has been taken into account. In the worst scenarios, energy security could trigger some drastic measures by powerful states, including resorting to military actions. Such measures are being used in order to foster policies leading to the supply of energy resources by the suppliers or put under the control energy high prices. It seems that a global strategy has been formed in order to confront any measure, which may hinder or prevent energy supply.

There is no doubt that lack of unity among the energy importing countries will lead to changes in energy prices. Providing the market with security, placing emphasis on public access to energy markets, and occupation of energy reserves by resorting to military measures are among the parameters, which affect energy security. Such measures in order to secure energy supply can include: destruction of energy reserves in the case of interruption in energy supply, military competition to reach new energy resources, controlling energy resources through compatible states, toppling the

governments, controlling energy resource routes by military means, supporting the compatible governments, confrontation with terrorist threats such as those of Ben Laden and Iman al-zavaheeri, and protection of the main routes of energy.

It is impossible to consider thoroughly energy security without referring to certain concerns, which exist in this area, such as: terrorist attacks, vulnerability of infrastructures, the need to reduce the level of threats to nuclear fuel trade, dependency of the US and Europe to import natural gas, growing import of energy resources by developing countries, particularly China and India, as well as climate change and the confrontation between the North and South. There have been also other measures in this area including enhancing energy efficiency in consumption of oil and gas, replacing fossil fuel with other sources of energy, encouraging states to obtain oil and gas from the regions other than the Persian Gulf, investment in exploration of new sources of energy, and the utilization of new technologies and methods in this sector. It is obvious that the existing energy security is the result of cooperation among states and the concerted efforts of the international community.

3- Importance of the Middle East and Persian Gulf

It is more than 70 years, that the both Middle East and Persian Gulf regions are the most important sources of energy in the world. For more than several decades, the Middle East has been the scene for regional and international competitions due to having vital reserves of energy affecting global economy and politics. In 2006, more than 22 percent of the US energy resources, 36 percent of the OECD energy needs, 40 percent of the energy used in China, 80 percent of the energy resources used in Japan, and the republic of Korea, and 60 percent of the energy resources in India were imported from this region. Canada also imports 45 percent of its energy needs from the Middle East and Persian Gulf. The growing needs of India and China to energy resources are notable. It is predicted that until 2030 the above mentioned countries will obtain 80 percent of their energy resources from this region.

(Energy Information Administration, <http://www.eia.gov/imp/imports.html>)

according to the Exxon-Mobile views, the export of oil by some of the non-OPEC countries, such as Russia and South Africa, could easily fill the

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shortage of oil in the market, which might be emerged from the part of OPEC in the near future as an attempt to put under control the energy market. The threat of Iran to block transportation of oil, through the Persian Gulf, if the United States resorts to any wrongdoing, has caused a great amount of concern at regional and global levels. Being located on the northern part of Hormuz Strait, Iran has a great role in securing the transmission of oil to the world market originated in the Persian Gulf. According to the International Energy Agency, 95 percent of the global economy is affected by the decisions of 5 or 6 states in the Middle East (Wall Street Journal, 2005) which are facing ethnic problems, political crises, terrorism, corruption, and authoritarianism. Among others, Saudi Arabia and Iran play a major role in energy security of the world (Cordesman, 2006: 21-22). Saudi Arabia enjoys the greatest economy in the Middle East and North Africa with US\$15.600 per capita income and 32 percent of the GDP per capita of the Arab world (Cordesman, 2006: 37).

It is well-known that after the 11th September attacks, much attention was paid to terrorism and its roots in the Middle East. The inhuman policies of Israel have escalated the level of instability and threats in the region on one hand, and local extremism has been strengthened on the other. Israel explores its security in insecurity of the region and takes advantage of the anti-Israeli behaviors. Wahhabi and Salafi currents supported by the Saudi Government, is threatening the strategic relations between Saudi Arabia and the United States and the former's role in energy security across the globe. Saudi Wahhabies are financing, to a great extent, Muslim extremists in the Islamic world, including the insurgents in Iraq. The role of Iran in supporting Hezbollah and Hamas is considerable.

The Persian Gulf has had a great placement in the American energy policies. Caspian Sea region also attracted the attention of Americans after the collapse of the Soviet Union. Although this region contains just 3 to 4 percent of the global energy reserves, both the United States and Russian Federation, attach great importance to its control and accessibility. Despite the expectations, the occupation of Iraq by the United States did not reduce the significance of the Caspian Sea region.

According to the World Energy Prospects in 2007, 16 percent of the world petroleum was transported from the Strait of Hormoz and this figure will increase to 30 percent in 2030 (Henderson: p.12). In 2006, the Persian

Gulf littoral states provided the other countries with 28 percent of the whole world oil consumption, while they hold 55 percent of the world oil reserves (Henderson, 2008: 13). There exist 22 percent of the known oil reserves in Saudi Arabia which exported 10.5 barrel of oil in 2008. This country has secured the import of oil by the United States. The USA should import 11 barrel of oil on a daily basis. Although Russian Federation increased its export of oil to the US for a short period of time after the 11th September event, the existing gaps in the US-Russian relationships once again escalated the role of Saudi Arabia. The energy resources in the Caspian Sea region could be used as a means to meet the international challenges and securing the world order, as envisaged by the United States. In this regard, it is very important for the US to prevent accessibility of Russian Federation to this region and exploitation of the energy reserves to regain its authoritarian conditions in the Soviet era. Petroleum has created and escalated unprecedented anti-western sentiments in the Middle East. Frequent interventions of the major powers in the region, such as the coup committed by the US and UK in August 1953 (28 *Mordad* 1332) in Iran, decreased the level of confidence among the people. Besides, the export of oil has hindered the process of democratization in the region. Globalization has led to the increase in oil demand. Reverse relationship between oil and democratization in oil exporting countries are very well-recognized. According to Thomas Friedman, the columnist of New York Times, the first rule in petro-politics is contradictory relationship between the oil price and the progress in democratization in these countries. In this line, the process of democratization will successfully continue in the Middle East countries, which do not rely on oil revenues (Friedman, 2006).

http://www.foreignpolicy.com/story/ams.php?story_id=3426

Although the Arab-Israeli conflict has been remained unresolved, most of the wars in the region have occurred among the Muslim countries in the region; as a result of which the instability has threatened the world energy security. The war between Iraq and Iran, and the Iraqi invasion of Kuwait are just examples. Under such circumstances, the Middle East countries have turned to purchase and store modern military equipments, which, by itself, added a wide range of serious threats to the energy security at both regional and global levels. Undoubtedly, the authoritarian rulers in the region have intensified instability. The United States has constantly resorted to the

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formation of regional coalitions to energy route originated in the Persian Gulf. In other words, the US set its policies to ensure energy security through supporting its allies in the region. To this end, the policies of the former US presidents Carter and Eisenhower were implemented. President Carter considered possible intervention in the export of oil from the Persian Gulf in order to secure the US national interests. As a result, utilization of Hormuz Strait was considered by Iran as a strategic issue for the transportation of oil. For the US, the security of routes is a part of energy security. The subsequent measures by the US in Iraq have been taken to reach the same targets.

Likewise, the presence of China and India in the Persian Gulf is expanding in order to meet their growing needs. In this framework, China has resorted to either commercial and diplomatic activities or military cooperation in the region. Unlike China, India has created fewer challenges with the US in order to build constructive relationships with the latter. In general, the activities of India and China have seriously challenged the dominant role of the US in the Middle East in the past decades.

Europe

The considerable increase in oil price in the first half of 2010s has caused formation of severe crises which hampered the development of many countries across the globe. Escalation in the costs of energy import led to the reduction in economic growth rate, increase in unemployment rates, as well as commercial imbalances in Europe, like many other countries in the world. Consequently, the costs of importing goods to the oil exporting countries were increased and, thus, these countries shared the damages imposed by higher level of oil prices. A large part of electric power production in Europe is due to the import of 40 percent of gas from Russia, 30 percent from Aljazeera, and 25 percent from Norway. Up until 2030, the gas import of Europe from Russia will reach 60 percent of the European consumption (Blank, 2006: 7) which highlights the significance of the relations between Russia and Europe. The US and European countries have some differences over the ways and means to secure energy routes. However, they are of the same position with regard to energy supply. Europe's attention is being paid to the software dimensions of the energy security, while the US pays attention to the hardware dimensions. The NATO Secretary General in his

statement in the meeting of the NATO State Members expressed the priority of energy security. At present, energy security is under serious consideration in transatlantic multilateral negotiations. For Europe, energy security and energy price is a commercial issue in the region. It is worth mentioning that Europe has expressed its willingness to cooperate with Iran in this regard (Blank, 2006: 4).

Japan

Japan imports 90 percent of the oil it needs from the Middle East region, among others, 26 percent from Saudi Arabia, 25 percent from the United Arab Emirate, and 15 percent from Iran. The supporters of geopolitics and geo-economics are competing to influence the foreign policy of their country and try to put on priority their own views. With a view to diversifying its energy needs, Japan pursues a more active foreign policy in central Asia (Koolae, 1387). Since 1970, Japan expanded its cooperation with China on energy, while competing seriously with the latter in the Persian Gulf region, particularly in Iran (Calder, 2007, p.25). Both countries have intensified their diplomatic efforts for further access to Caspian Sea region and Africa with a view to diversifying their energy resources, and enhance energy security. The existing tensions between the US and Iran and the former's efforts for isolation of Iran, has triggered Japan to resort to diplomatic measures to narrow down the differences and remove the obstacles, which prevent cooperation in the field of energy. Japan imports oil and gas it needs. In spite of the differences between Russia and Japan over the Kuril Island, both states have agreed to transport energy resources from the Eastern Siberia, and in this regard, to build a long pipeline. There are two reasons to believe that the Eastern Siberian pipeline (from Angarsk to Nakhodka) is of strategic importance:

Firstly, it reduces 15 percent of the Japan's need to the Middle East energy resources. Secondly, it provides the opportunity for both Japan and Russia to improve their bilateral relations in various fields. Taking into account the existing differences between the two countries over the Kuril Islands, Japan sees this pipeline as a strategic choice. The Angarsk – Nakhodka pipeline, which was originally headed to Daging in China, is the most expensive pipeline ever built on Earth by spending almost US\$12 million. By committing to pay US\$7 billion, Japan persuaded the Russian

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Government to change the pipeline route towards Sea of Japan and Nakhodka Port in Eastern Russia.

China

The Chinese authoritarian Government has economically succeeded, after experiencing the same conditions in the years prior to the Second World War, and now become a challenge to the Atlantic order. Pravda newspaper called it "the Asian Monster", which is against the bipolar system led by the United States (Nirkonnen, 2008). Like many others, China has spared no efforts to secure energy in order to meet its growing needs to energy. The import of petroleum by China increased to 30 percent from 1993 to 2003 and, thus, it became the second importer of petroleum after the US in the world. China also pursued the policy to diversify energy resources it needed. During the past decade, China has tried to ensure its energy security by importing energy resources from Africa, Red Sea region and Guinea Gulf. At present, almost one fourth of the Chinese needed energy resources are being obtained from Africa and the Government tries to increase it to 40 percent of its consumption (Rogers, 2002:74). Approximately 10 percent of China's need to oil is being obtained from the Sudan and, therefore, this country plays an exclusive role in the Sudanese oil industry (Canning, 2007: 52).

Despite the issuance of a number of the UN Security Council resolutions, the relationships between China and the Sudan, Myanmar, and Iran have been expanded. The level of trade between Iran and China, as well as military cooperation between them, have been escalated and, hence, caused some concerns from the part of the United States. Regardless of the objection made by the US, China signed a US\$2 billion contract with Iran in Yadavaran Field. China also signed a US\$100 million contract with Iran, in 2004, in order to import almost 10 million ton natural gas during the next 25 years (Grossman, 2006: 136). In 2003, Iran became the second exporter of oil to China. In 2006, Iran was the first exporter of oil to China (Calabrese, 2006: 7). At present, Iran is the third one in the list after Saudi Arabia and Angola, as the gap between Iran and the international community widens and the UN Security Council Sanctions gradually affect the oil export to China.

In July, 2005, the negotiations entitled: "Asia-Pacific Cooperation" started in order to narrow down the differences between the United States and China. To that end, the US Energy Secretary and the Chinese Commission for Reforms and Development considered various solutions (Cordesman, 2006: 60). China's energy demand has affected the energy security in the global market. In other words, the rapid growth rate of energy demand by China has become a source of concern for the great economic powers. China imports 60 percent of its energy needs from the Middle East and has tried to diversify the exporting countries, ranging from Ecuador to Australia, Khazakhstan, Azerbaijan, Oman, and Algeria (Avery, 2005: 9). The competition between China and Russia is simultaneously accompanied by their cooperation in Shanghai Cooperation Organization. The pipeline, started to be built in 1997 between Khazakhstan and China, is as important as the Baku–Tbilisi–Ceyhan pipeline in Western Asia.

China has made some compromise with India on the transportation of energy resources. There are two opposite points of view on the cooperation between the US and China. Some of the analysts are of the view that the economic growth and their related-political efforts are a source of threat, while the others stress on the common interests of both countries. The invitation by China extended to the International Energy Agency, based in Paris and composed of 26 industrial nations, is among the efforts to engage China in the arrangements made jointly by the US and Europe. The cooperation between China and Japan on oil started in 1970s, when Arab countries imposed sanctions on exporting petroleum. The Chinese efforts were aimed at gaining more revenue and accessing to the Japanese technology. (Henderson, 2008, p.9)

<http://www.washingtoninstitute.org/pubPDFs/Focus83.pdf>

Competition with Japan on the eastern Siberian pipeline, originated from Angarsk, is a part of Chinese diplomacy in energy fields.

The relations between China and Iran were expanded after starting a new approach by the former to the Persian Gulf region. The sale of weapons by China to Iran during the Iran-Iraq war was of great importance. Since then, the bilateral relations expanded gradually. The total value of trade between the two countries from US\$200 million in 1990 increased to US\$10 billion in 2005. After Japan, China is the second trade partner of Iran.

The United States of America

As referred to, the Persian Gulf and the Middle East are of great importance in American foreign policy (Reppy, 2007: 3). The US dependency on importing energy resources, highlights many threats to the US national interests, which include: impacts of natural disasters, war and terrorism on the global economy; the growing rate of energy demand from the part of India, China, and Brazil which compete for the consumption of the existing resources; utilization of the new competitions by the energy resource producers; resistance of energy producers to the democratization process; climate change adverse impacts; drought; diseases; migrations; vulnerability of the energy resource exporters; and the threats to the world economic order. As such, diversification of energy resources seems necessary for the US leaders, more than ever before.

The implementation of the Iran-Libya Sanctions Act of 1996, so called ILSA, prohibited any investment more than US\$20 million in energy resources in Iran and Libya. In practice, it deprived American companies from presence in Iran's energy facilities. In 2002, the US imported 11.5 million barrel of oil on a daily basis. According to some estimates, this figure will raise to 20.7 million barrel in 2025 (Deutch, 2004: 11). Therefore, the need to the energy resources is an important issue in the US national security strategy. The increase in gasoline price in the US immediately after the Hurricanes Katrina and Rita, indicated the high vulnerability of this country, in case of fluctuations in energy resource supply (Russell& Moran, 2008: 4-5).

4- Energy, as Russia's Tool

Investment of the Americans and Europeans in the Russian energy facilities, bearing in mind the vast energy resources of the latter, has triggered Russia to have a more active foreign policy. In this regard, the Russian Government's measure in 2006 is considerable, by which it reduced the export of gas to Ukraine without any reduction in the export to Europe (Worthington, 2006: 2). The agreement between the Russian and German Governments in 2006, to build the North Stream Pipeline heading to the German market through the northern part of Europe, was another example of Russian foreign policy, based on its capability for exporting gas and oil. It is interesting to note that by building the new pipeline, Russia bypassed the

traditional Polish route, which seems an action to downgrade the role of Poland in transmission of energy resources to Germany. Moreover, 43 percent of the gas consumption in Germany, 100 percent of the gas consumption in Baltic States, Romania, Bulgaria, Spain, Portugal, 24 percent in France and 90 percent of the oil consumption in Germany, are being imported from Russia.

Some of the analysts contend that objective of Russia is to make Europe dependent on Russian gas through Gazprom, the Russian giant gas company. While some others are of the view, that Russia follows up wider objectives, such as influencing and strengthening Europe against the United States. This objective was pursued by Russia after the collapse of the Soviet Union, but was neutralized by the US. In spite of constant Russia's concern, expansion of NATO toward Eastern Europe carried on (Koolae, 1386: 77). Some analysts consider formation of a "New Yalta" in Europe, as the objective of Russia. It is worth mentioning, that Gazprom has become more active in recent years in central Asia. Generally speaking, in analyzing the Russian policies and measures, one should consider all parameters, such as the need of Russia to foreign investment, the role of the government, as well as the roles of Gazprom and Rosneft. Not to mention, that the Russian energy sector is facing with resource shortage, mismanagement, and corruption.

Contrary to the efforts of Russian Government to use gas as a tool in Europe, European countries also is looking for new sources of energy, in order to reduce the Russian pressure in crude oil and gas sector. In order to ensure energy security, these countries launched a new pipeline plan, so called Nabucco plan, with a view to obtaining natural gas through Turkey, Bulgaria, Romania, Hungary, and Austria. The German Government policy is to engage Russia in common interests. The murder of Alexander Litvinenko, the Russian spy in London, has created tensions in relations between Russia and the United Kingdom. The differences between the US and the Russian Federation over the world challenges, and Europe have had adversely impacts on the relations between the European countries and Russia. The statement made by Putin in the Munich Conference on Security Policy in 2007, indicated the existence of a deep gap between Russia and the US. In addition, the growing consumption and, thus, demand for gas in central Asia, has made Russia to pay more attention to this region. In such

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circumstances, the influence of oil and gas in the Russian foreign policy will put the private sector of this country under further pressure.

In the post Soviet Union era, much attention has been paid to the newly-established republics in the Caspian Sea area. According to the British Petroleum estimates in its world energy survey of 2004, there exists 216 billion barrel of oil and 2819 cubic meter of gas in five countries located in that area. The Caspian Sea region was named: "the heartland of the world" by Mackinder, "black hole of power" by Zbigniew Brzezinski or "Balkan of Central Eurasia" by some other scholars (Xvetang, 2006: 3). It is obvious that cooperation between the State Members of the Shanghai Cooperation Organization on energy, will adversely affect the US policies in the Central Eurasia region.

- There is no doubt that all regional and international stakeholders keep trying to utilize oil transmission pipelines as a means for strengthening their power, and expanding their influence (Koolae, 1387: 47-70). Likewise, the Central Asian and the Caucasus states have launched intensive activities to diversify energy routes (Stulberg& Cosijn, 2006: 4-5). China replaced Japan as the second economic power in the world, and hence, tried to boost its cooperation with Russia.

5- The New Game in the Caspian Sea; a Turning Point in Russian-US-Europe Cooperation

Based on the British Petroleum estimates, Iran and Russia and Central Asian region contain 18.8 percent of the oil and 45 percent of the gas reserves of the world. Energy security was incorporated in the agenda of Shanghai Cooperation Organization (SCO). After the Color Revolutions, so called Tulip Revolution, in Kirgizstan (Koolae, 1384: 167-190), the SCO requested the US to withdraw its military forces from Central Asia. Under such conditions, the Russian Federation and Kazakhstan need to attract foreign investment (Blank, 2006: 7-8). However, several factors such as political instability and terrorism in these countries have made the attraction of capitals difficult. Despite the geopolitical location of Iran as a transit route for the transportation of energy resources, the US has set its foreign policy in the region to prevent building such routes (Blank, 2006: 3-4). To the US, energy security enjoys not only economic but also political dimension, which is more important. This policy led to the diversification of energy

resources, as well as the transmission routes originated from the Caspian Sea. It is also worthy of attention, that Russia sees Iran as a contender in the Central Asia and the Caucasus region, and has therefore tried to put activities of the latter under control.

6- Turkey's Policies

In order to run the pipelines originated from Caspian Sea region through the Turkish territory, the Government of Turkey spares no efforts in launching an active diplomacy in this "pipelines Great Game". The Turkish Government has been able to protect its national interests, in the framework of the US policies in the region. Hence, the competition with Russia, in building the energy pipelines has led to occasional tensions in their bilateral relations. In 1995, when the Baku-Ceyhan pipeline plan was under consideration, some of the analysts called it infeasible. However, in 2005, this pipeline was inaugurated and crude oil was for the first time exported in 2006. It is planned that another pipeline to be built to move Azerbaijani Shahdeniz gas to Turkey through Georgia, so called Baku-Erzurum-Ceyhan route. As such, Turkey is going to play a major role in securing energy in Europe, and that is why the Turkish Government keeps stressing on the need to diversify the energy transmission routes. As a matter of fact, the Baku-Ceyhan pipeline was designed to reduce the influence and control of Iran and Russia on the energy routes.

As a conclusion, the BTC pipeline was more political than economic and commercial. Hillary Clinton, the US State Secretary, supported construction of the BTC pipeline in her statement during the meeting of the Organization for Security and Cooperation in Europe. Following to that, the Turkish Government did its best, to improve bilateral relationships with Russia. Two third of the Turkey's need to gas, is being obtained from Russia. That is the reason that Turkey should take into account its needs to gas on one hand, and simultaneously its national interest to build transportation routes, to move energy resources to Europe on another. While Iran is isolated in the region and deprived of regional energy routes, Turkey has taken advantage of the opportunity and succeeded in promoting its geopolitical situation by transmitting the energy resources from the Caspian Sea region to Europe and creating a "Regional Hub". The Turkish Government, by utilizing its strategic geopolitical location as the bridge between Asia and Europe, could

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materialize the national strategy of diversification of energy resources and transmission pipelines and make a lot of profits (Ozdemi, 2007: 99-113). It is evident that energy-related policies of Russia, coupled with the increasing efforts of the US and Europe for the diversification of energy transportation routes, led to the building of Baku-Tbilisi-Ceyhan pipeline.

The I. R. of Iran

Energy security has a close and direct relationship with the geopolitical location of the countries, and their neighbors. Therefore, Iran enjoys a special position among the countries across the globe. Bearing in mind the growing importance of energy security and the diverse accessibilities to energy resources and its supply through various routes, the historical and unprecedented opportunity for Iran in order to play a major role was not appropriately identified and utilized. As a reaction to the US pressures for isolation, Iran was directed towards Europe and later China in order to provide them with required energy resources. The contracts with China amounted US\$100 million, which was invaluable to meet the Chinese needs. Iran is also the third country in providing Japan with petroleum (Pontius, 2006: 1). Iran has become a coordinated partner with Russia, instead of using its capabilities and geopolitical location, in post Soviet Union era. Iran has appeared as a political player, which granted all competitive opportunities to Russia, in order to confront the US and Europe. Iran, which enjoys a strategic and extraordinary location between the two strategic regions namely the Persian Gulf and the Caspian Sea (Mojtahed-Zadeh, 1387: 127-134), has become a fruitful partner for Russian Government in the post Soviet Union era. Iran, by neglecting its legal interests in the Caspian Sea, has lost the political and economic opportunities of the energy transmission routes. This policy was, in fact in favor of Russian Government, which has been constantly concerned over the diversification of energy transportation routes, through the former republics of the Soviet Union.

Instead of utilizing the excellent geopolitic location for the transportation of energy resources from Central Asia to the global market, and also facilitating the presence of the global players in the Caspian Sea region, Iran, along with Russia, has taken steps towards securing the latter's exclusive interests to control the transportation of energy resources to the

oceans and seas. While the United States has aggrandized the threat of Iran (Henderson, 2008: 17), and has tried to introduce Iran as a source of threat and instability in the Middle East and the Persian Gulf region, in order to protect its own national interests. In this line, some of the internal elements have actively accompanied them. Illustration of a constant threat from Iran, in the years after the Islamic Revolution, was a policy, which followed by all US Governments, particularly by the neo-conservatives and fundamentalists in the past three decades.

Illustration of an Iran, equipped with nuclear weapon, has contributed to the US policies to isolate Iran. Concentration on Iranian Shiism as a threat for the region, raising the storage of weapons and missiles in the context of the policy of aggrandizement of the Iranian threat, has lead to the deprivation of transnational corporations such as Conoco, Enron, Exxon, and Chevron from accessing to Iranian market and petroleum industry. Persistent objection of the US to the Iran's efforts to use its geopolitical advantages in implementation of gas transmission project from Iran to Pakistan, and then India, has caused the former to expand its nuclear cooperation with India (Kohen& Others, 2008: 2-3). It is interesting to note that Kremlin also prefers to support the building of an American-backed pipeline between Turkmenistan and India through Afghanistan and Pakistan. As a matter of fact, the fear arising from the proliferation of nuclear technology in Islamic countries has been serious for the US, Europe, and the other countries, which possess nuclear weapons. The competition among great powers in the field of energy security and access to energy provided a remarkable opportunity for Iran, although the costs of exploitation have always been on rise. For instance, after the withdrawal of American-based Corporation of Conoco from the Iranian oil fields, French Total was replaced. However, the high costs of replacing were born by the Iran's oil revenues.

7- Conclusion

Energy supply and related issues has become effective in growth and development of all countries across the world. In the process of globalization, the economic benefits of all countries are increasingly linked to the global market. Hence, the energy transportation routes have been more and more effective in formation of regional and international policies. Almost all industrial nations are dependent on the energy import, which is

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mutually effective in the fate of the exporting countries. Although tremendous efforts have been made to reduce dependency on oil and finding new sources of energy, oil consumption continues to prevail in the energy market.

The Middle East and the Persian Gulf still contain the most important and strategic reserves to ensure energy security in the world. The world economy is dependent highly on the performance of the Middle Eastern countries. Throughout the past century and the beginning of the 21st century, this region has become a scene for regional and international competitions and thus suffered from several devastating wars. Given the fact that the transportation of the 40 percent of the world oil occurs through Hormuz Strait, the control of Iran over the above mentioned Strait, helped this country share the global endeavors for energy security.

The Russian Federation, which performs as a global player, misuses the dependency and dues of the other states by cutting off the energy resource export in order to reach its political objectives. This reality has triggered the European countries to double their efforts to diversify the consumption of energy resources, and energy transportation routes. The developments in the aftermath of the collapse of the Soviet Union along with the independence of the former republics of the Soviet Union in the Caucasus and Central Asian have increased the importance of Iran in the northern part of the Hormuz Strait. Iran, which is located between the two strategic energy reserves of the world, namely the Caspian Sea and the Persian Gulf, enjoys a unique situation. Despite the geopolitical location of Iran, which has the potential of improving accessibility and transportation of energy from the Caucasus and Central Asian regions, the United States does its best to prevent building energy transmission routes through Iran. On the other side, Iran, as an energy resource exporting country, has been unable to identify and exploit the unique and geographical opportunity, to play a constructive role in energy security by diversification of the transmission routes in post cold war era.

Under the pressure of the US, aimed at global isolation of Iran, the latter turned an eye to Europe and later to China to provide their needed energy resources and became a fruitful partner for Russia. Several factors, such as neglecting the legal rights of Iran in Caspian Sea, and lack of attention in practice to the economic and political advantages of energy transmission through the country, is in fact in favor of the Russian policies, which

concerns over the diversification of energy routes by transmission of energy through the former republics of the Soviet Union. Russia, which competes with Iran in the Central Asia and Caucasus, tries to regulate policies to put this country under control. In the same vein, Turkey has succeeded to make profit by creating a Hub for energy transportation, utilizing its location as the bridge between Asia and Europe, and diversification of the resources and the energy transmission routes.

It is obvious that Iran, due to idealist approach in its foreign policy, has lost the opportunity to play an effective and constructive role in energy security at regional and global levels. The unique geographical location of Iran between the Caspian Sea and the Persian Gulf is still usable, as an effective tool, which could serve Iran's diplomacy. Although the opportunities were not seized, as appropriate, the ongoing regional and global developments continue to bring about new opportunities, which could be exploited by having a realistic evaluation of the situation, and on the basis of national interests to the benefit of Iranian nation.

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