

Iran and the Eurasian Transport Initiatives: Short-term Challenges, Long-term Opportunities

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Being at the junction of several major geopolitical regions, i.e., the Middle East, the South Caucasus, Central Asia, and South Asia, along with access to the high seas of the Persian Gulf and Oman Sea, has long created a special geopolitical status for Iran. Accordingly, throughout the course of history Iran has always been at the center of east-west and north-south trade routes. Considering this critical characteristic, reviving Iran's position in the sphere of international transit and transport is now being taken into account by the Iranian leaders as a serious option for guaranteeing the country's economic growth and development. This article tries to study the place of Iran in two important Eurasian transport initiatives, namely the Chinese-led Belt and Road Initiative (BRI) and the International North-South Transport Corridor (INSTC). The article shows that, despite the priority of economic objectives, Iran's approach to this issue encompasses a wide range of economic, diplomatic, and geopolitical goals. The success of these two initiatives with the participation of Iran could also bear significant positive implications for the countries of the South Caucasus.

Key words: Iran, Eurasian Transport, BRI, China, North-South Transport-Corridor



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Introduction

As a country with rich energy resources, Iran has, in its contemporary history, always been dependent on oil and gas revenues for economic growth and development. Although the availability of energy resources is basically considered a blessing for any country, which can provide the necessary financial resources for advancing the macroeconomic projects of a government, excessive dependence on such revenues could pose a negative effect, increasing the strategic vulnerability of the country in the international arena. According to the statistics, over almost the last decade, the share of oil and gas in the total volume of Iranian exports has been about 80%, and the revenues generated by this sector amounted to about 60% of the government's total revenue.¹ However, economists have been persistently warning that mere dependence on energy revenues will not only make the economy vulnerable to price fluctuations in the global oil and gas markets, but also may turn into an Achilles heel known by the rivals, from which point they can target Iran, whenever deemed necessary.

Indeed, over the past several years, the Iranian economy has suffered a lot from both areas. The high oil prices in the global markets in early 2000s that brought a windfall for the oil-producing countries, did not last long. As such, the oil prices, which reached as high as \$100 per barrel for a period,² experienced a sharp fall. At the same time, the increasing confrontation between Iran and the West – especially the United States – over the nuclear issue led to unprecedented and severe sanctions against the Islamic Republic, directly targeting the export of its oil and energy products. This issue exerted a great deal of pressure on the Iranian economy, especially in the four years leading up to the nuclear deal between Iran and the six world powers (2011–2015). As a result, the concept of “non-oil economy” and using other potential of the country to achieve economic growth and development started to gain more prominence among Iranian policy makers.

One of the main aspects requiring attention in this regard has been using the potential provided by Iran's unique geographical

1 Press TV (2010) Iran oil exports top 844mn barrels. Available at: <http://previous.presstv.com/detail.aspx?id=130736§ionid=351020102> (Accessed: 12 November 2018).

2 Macrotrends (2018) Crude Oil Prices - 70 Year Historical Chart. Available at: <https://www.macrotrends.net/1369/crude-oil-price-history-chart> (Accessed: 14 November 2018).

location in order to activate the country in the field of international transit and transport. Being at the junction of several major geopolitical regions, i.e., the Middle East, the South Caucasus, Central Asia, and South Asia, along with access to the high seas of the Persian Gulf and Oman Sea, has long created a special geopolitical status for Iran. Accordingly, throughout the course of history Iran has always been at the center of east–west and north–south trade routes. A clear representation of this, was Iran’s pivotal role in the ancient Silk Road, connecting China to the West Asia and then Europe.³ Considering this critical characteristic, reviving Iran’s position in the sphere of international transit and transport is now being taken into account by the Iranian leaders as a serious alternative for guaranteeing the country’s economic growth and development.

By focusing on this point, this article tries to study the place of Iran in two important Eurasian transport initiatives, namely the Chinese-led Belt and Road Initiative (BRI) and the International North–South Transport Corridor (INSTC), and to analyze Iran’s goal of becoming active in the sphere of Eurasian transport. The article claims that, despite the priority of economic objectives, Iran’s approach to this issue encompasses a wide range of economic, diplomatic, and geopolitical goals. The article also argues that the success of the aforementioned initiatives with the participation of Iran could bear significant positive implications for the countries of the South Caucasus.

Iran as the nexus of north–south and east–west transport

The first serious sign of Iran’s willingness to play a role in the field of Eurasian transport was represented in an agreement between Tehran, Moscow, and Delhi to establish the International North–South Transport Corridor. After a period of intensive talks between economic officials of the three countries, an initial agreement was reached on the construction of the corridor in September 2000 in Saint Petersburg. The basis of agreements between the countries was to create a corridor to connect India through the Persian Gulf and Iranian roadways to the Caspian Sea and, finally, Russia. After the full realization, the corridor would provide India with access to Europe. In addition, India, Iran,

³ Xinhua (2016), First train from China to Iran stimulates Silk Road revival. Available at: http://www.xinhuanet.com/english/2016-02/16/c_135101037.htm (Accessed: 12 November 2018).

and other countries of the region could transport their goods to Europe via this corridor three times faster than through the Suez Canal. Preliminary estimates suggested that the corridor would have an annual capacity of transiting 20 million tons of goods.⁴ Since the time when an initial plan for the initiative was raised, other countries such as Azerbaijan, Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkey, Belarus, and Oman have also shown willingness to get involved in the initiative.⁵

Although – after about two decades – the corridor is still far from being fully realized, various transit and transport projects that have already been established in the framework or in conjunction with this major initiative clearly show the importance of Iran’s position. One of these projects is connecting India via railroad to the Caucasus, Russia, and Central Asia, in which Iran and Azerbaijan play major roles.

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which has been operational since 30 October 2017.⁷ In parallel with this project, the Kazakhstan–Turkmenistan–Iran railway, which was formally inaugurated in December 2014, also plays an important role in INSTC. This 677 Km long railway extends from Kazakhstan to Gorgan in northern Iran. From this point, the railway connects to the Persian Gulf via Iran’s nationwide

4 Amirahmadian, B. (2003) ‘The North-South Corridor and its Importance in Regional Integration’, *Central Asia and the Caucasus Studies*, 12(41), pp. 7-22 [in Persian].

5 Maharapatra, A. M. (2012) ‘The North-South corridor: Prospects of multilateral trade in Eurasia’, *Russia beyond the Headlines*, Available at: https://www.rbth.com/articles/2012/03/14/the_north-south_corridor_prospects_of_multilateral_trade_in_eurasia_15134 (Accessed: 9 November 2018).

6 IRNA (2018) Qazvin-Rasht-Astara railway cuts the time of transiting goods from Iran to Europe to the half. Available at: <http://www.irna.ir/fa/News/82789070> [in Persian] (Accessed: 12 November 2018).

7 Hurriyet Daily News (2018) Turkey, Azerbaijan, Georgia, Iran agree to create new trade corridors to connect Asia, Europe. Available at: <http://www.hurriyetdailynews.com/turkey-azerbaijan-georgia-iran-agree-to-create-new-trade-corridors-to-connect-asia-europe-128822> (Accessed: 20 November 2018).

rail network.⁸ In April 2011, an agreement was signed between Iran, Oman, Qatar, Turkmenistan, and Uzbekistan in Ashgabat, according to which the construction of a transport and transit corridor from Central Asia to the Persian Gulf was agreed upon. Despite Qatar's later withdrawal from the agreement, the joining of Kazakhstan and Pakistan in 2016 and India in 2018 led the project to be effectively considered a part of INSTC.⁹ In this vein, and given the realization of the Central Asia–Iran railway, Iran's position in INSTC was further enhanced.

But perhaps the project for the development of Chabahar Port on the Iranian coast of the Persian Gulf can be referred to as one of the most important parts of INSTC, as well as the most significant aspect of Iran's role in the initiative. Shortly after reaching an initial deal on INSTC, the idea of cooperation between Iran and India for the development of Chabahar Port was raised by Iran's then-president, Seyyed Mohammad Khatami, during a visit to Delhi in 2003. However, until about 10 years later, i.e., 2012, India did not make any serious move in this regard.¹⁰ Eventually, in 2016, an agreement was reached between the two sides on this issue, which entered the implementation phase from June 2018. Under this agreement, India will spend \$85 million on developing the Chabahar Port. In connection with this development, the Iranian government also drafted a plan for developing Chabahar free trade zone and presented it to Parliament. The focus of this plan is on the development of two Shahid Beheshti and Shahid Kalantari docks, which will play an important role in the realization of Chabahar's trade and industrial potential.¹¹ After development, Chabahar Port will in fact replace Bandar Abbas, which has traditionally been the main center of Iranian maritime trade in the Persian Gulf. While facilitating India's access to Central Asia through Afghanistan,

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8 Lillis, J. (2014) 'Kazakhstan, Turkmenistan and Iran Launch Railroad to Get Trade on Track', Eurasianet. Available at: <https://eurasianet.org/kazakhstan-turkmenistan-and-iran-launch-railroad-to-get-trade-on-track> (Accessed: 29 October 2018).

9 Chaudhury, D. C. (2018) 'India admitted to Ashgabat Agreement as Delhi pushes Eurasian connectivity agenda', The Economic Times. Available at: <https://economictimes.indiatimes.com/news/politics-and-nation/india-admitted-to-ashgabat-agreement-as-delhi-pushes-eurasian-connectivity-agenda/articleshow/62746478.cms> (Accessed: 8 November 2018).

10 Ramachandran, S. (2014) 'India to Invest in Iran's Chabahar Port', The Central Asia – Caucasus Analyst. Available at: <http://www.cacianalyst.org/publications/analytical-articles/item/13099-india-to-invest-in-irans-chabahar-port.html> (Accessed: 12 November 2018).

11 Shariatinia, M. (2018) 'Iran preps for sanctions by expanding major port project', Al-Monitor. Available at: <https://www.al-monitor.com/pulse/originals/2018/06/iran-chabahar-project-india-afghanistan-industry-trade.html> (Accessed: 8 October 2018).

the development of Chabahar will have an important effect on the overall realization of INSTC.

The ambitious Belt and Road Initiative (BRI), within the framework of which the idea of the Silk Road Economic Belt has been raised, aims at connecting East Asia to Europe via several land and sea routes. The China–South Asia–Iran–Persian Gulf route is one of the main routes proposed in this regard.

Meanwhile, since the time China raised the idea of establishing the Silk Road Economic Belt in 2013, Iran has expressed readiness to play a role in the initiative. This has also been welcomed by the Chinese side. The ambitious Belt and Road Initiative (BRI), within the framework of which the idea of the Silk Road Economic Belt has been raised, aims at connecting East Asia to Europe via several land and sea routes. The China–South Asia–Iran–Persian Gulf route is one of the main routes proposed in this regard.¹² In this vein, during a visit of Chinese President Xi Jinping to Iran in January 2016, the main agenda of the talks between the Iranian and Chinese officials was to enhance bilateral cooperation on the basis of BRI. Part of the 17 documents signed between the two sides was also devoted to this issue. The necessity of Iran's participation in BRI has been repeatedly emphasized by the top Iranian officials, including Supreme Leader Ayatollah Seyyed Ali Khamenei and President Hassan Rouhani.¹³

Within the framework of this initiative, several projects have been so far introduced or launched involving Iran–China cooperation. One of these projects is the construction of a high-speed railroad to connect Tehran to Qom and Isfahan. The Chinese side has agreed to finance and execute 40% of the project. The electrification of the Mashhad–Tehran railway was another agreement between Iran and China in connection with BRI. Customs cooperation to facilitate the transit of goods was among the other agreements reached between Iran and China in this regard. Except for the facilitation of conditions for transit and trade, China's participation in the development of Iran's energy infrastructure has also increased over the past several years. This can be seen as part of Beijing's strategy within the framework of BRI to connect the energy infrastructures of the countries involved in the initiative.¹⁴ Therefore, it could be said that, in recent years, Iran has been actively trying to realize its

12 National Development and Reform Commission of China (2015) Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road. Available at: http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html (Accessed: 6 August 2016).

13 Shariatinia, M. & Azizi, H. (2017) 'Iran–China Cooperation in the Silk Road Economic Belt: From Strategic Understanding to Operational Understanding', *China & World Economy*, 25(5), pp. 46-61.

14 *Ibid.*

potential as a nexus of North–South and East–West transport initiatives.

Importance of Eurasian transport initiatives in Iran’s grand strategy

In discussing the reasons for Iran’s desire to have a role in the Eurasian transport initiatives, three sets of economic, diplomatic and geopolitical objectives can be identified in Tehran’s approach. As mentioned earlier, the economic aspect is the most obvious component of Iran’s approach. According to the Central Bank of the Islamic Republic of Iran, in 2016, the share of oil revenues in Iran’s gross domestic product (GDP) was 61.6%. This is while the industry and mine sector accounted for only 2.2% of GDP.¹⁵ On the other hand, despite the high natural and human potential, Iran’s share of the world economy is, at best, estimated at a low level of 0.4% to 0.8%.¹⁶ Official statistics also indicate that, in the period between March 2017 and March 2018, the volume of Iran’s non-oil exports – regardless of gas condensate – was about \$30.8 billion. In the same period, the volume of imports to the country was \$54.3 billion. This represents a trade deficit of \$23.5 billion.¹⁷ These figures clearly show the high level of Iran’s dependence on oil exports and, consequently, the vulnerability of the country to any price fluctuations in the global energy markets.

The 2015 nuclear deal – officially known as the Joint Comprehensive Plan of Action or the JCPOA – led to the lifting of Iran’s energy sanctions, allowing for increased oil production and exports, which meant increased revenues for Iran. However, the coming to power of Donald Trump as the president of the United States once again revealed the limits of Iran’s reliance on an oil-based economy. With the U.S. withdrawal from the JCPOA on 8 May 2018, Washington once again put the policy of maximizing economic pressures on Iran on its foreign policy agenda. As the most important part of this policy, the U.S. aims at cutting Iranian oil exports down

The 2015 nuclear deal – officially known as the Joint Comprehensive Plan of Action or the JCPOA – led to the lifting of Iran’s energy sanctions, allowing for increased oil production and exports, which meant increased revenues for Iran.

15 IBENA (2017) The 61.6% share of oil in the GDP. Available at: <http://www.ibena.ir/news/71268> [in Persian] (Accessed: 12 November 2018).

16 Dezhpasand, F. (2017) ‘How much is Iran’s share in the global economy?’, Eghtesad Online. Available at: <https://www.eghtesadonline.com/n/1DPN> [in Persian] (Accessed: 14 November 2018).

17 *Ibid.*

to zero. In fact, even before the re-imposition of U.S. sanctions against Iran's energy sector on 5 November 2018, most of the costumers of the Iranian oil had either reduced or totally ceased their purchases. This, in turn, has intensified pressures on the Iranian economy.¹⁸

As a result, it could be said that at least since the start of Trump's presidency and the toughening of the American approach toward the Islamic Republic, Iran has intensified its attempts to find alternative paths to economic growth and development. Needless to say, the role as a nexus of North–South and East–West transport could provide Iran with a sustainable and easy source of income. It is estimated that the realization of INSTC will bring an annual revenue of \$1 to \$2 billion for Iran.¹⁹ Meanwhile, China's increased economic engagement in Iran through BRI would mean Beijing's investment in projects that Western investors are reluctant to participate in, out of the fear of being targeted by U.S. sanctions. At the same time, being at the center of transit could help the sanctions-hit economy of Iran by transit revenues.

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the Iranian administration has, simultaneously, been trying to expand ties with its neighbors, as well as with the *Eastern Powers*, especially Russia, China, and India. A look at the official reports and statistics suggests that, in this period, cooperation within the framework of international transport and trade projects has made an important contribution to Iran's relations with these countries. Apart from the above-mentioned case of Iran–China relations, the tripartite format of Iran–Azerbaijan–Russia can be

18 Blas, J. (2018) 'In Big Win for Trump, U.S. Sanctions Cripple Iranian Oil Exports', Bloomberg. Available at: <https://www.bloomberg.com/news/articles/2018-09-18/in-big-win-for-trump-u-s-sanctions-cripple-iranian-oil-exports> (Accessed: 28 October 2018).

19 Khabar Online (2017) Constant \$2 billion revenue with the launch of the North-South corridor. Available at: <https://www.khabaronline.ir/news/723710> [in Persian] (Accessed: 10 November 2018).

mentioned as one of the most important manifestations of this tendency. The main part of the agenda of this format has been trilateral cooperation to promote the INSTC. However, the three sides' constant interactions have led their agenda to expand into a wider range of issues, from economic cooperation to security coordination.²⁰

Finally, the third aspect of Iran's approach toward Eurasian transport initiatives is the geopolitical and security aspect. This aspect has especially been of significance in Iran's strategic calculations since the start of Trump's presidency and the intensification of confrontation between Iran and the U.S. From this perspective, the development of economic, commercial, and transportation ties with the *Eurasian Powers* can provide Iran with important political backing to resist American pressure. In other words, each of the two mega-projects discussed in this paper is tied to one or several Eurasian powers, relations with which are of prime importance for Iran. In this vein, at the same time as the INSTC provides Iran with the opportunity to develop relations with Russia and India, the BRI would further facilitate Iran's engagement with China. According to this logic, the more the economic and commercial interests of the great powers are tied with Iran, the greater will be the possibility of their support for the Islamic Republic against U.S. pressure. On the other hand, and based on the logic of *spillover*, by promoting the development of economic and trade relations with these powers, Iran seeks to provide a basis for a broader political and security cooperation in the future. In fact, Iran has already kicked off pursuing this aspect of its foreign policy approach. Holding a high-level "Regional Security Dialogue" meeting with the participation of senior security officials from China, Russia, and India could be interpreted as the first major representation of this approach.²¹ In other words, it would be safe to argue that, having been under constant and increasing pressure from the U.S. and its regional allies, Iran has defined a strategy of "security through convergence" to better deal with the challenges.

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20 RFE-RL (2016) Presidents of Azerbaijan, Iran, and Russia Meet In Baku. Available at: <https://www.rferl.org/a/azerbaijan-iran-russia-presidents-meet-baku/27909041.html> (Accessed: 12 November 2018).

21 Azizi, H. (2018) 'Iran's launch of 'Look East' 2.0', Al-Monitor. Available at: <https://www.al-monitor.com/pulse/originals/2018/10/iran-region-regional-security-dialogue-multilateralism.html> (Accessed: 11 October 2018).

On the other hand, and in conjunction with the latter, developing economic, trade and transport ties with its neighbors could provide Iran with the ability to neutralize or at least contain the negative influence of rivals in the neighboring regions. Since the collapse of the Soviet Union, Israel's deepening relations with

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Central Asia and the Caucasus has turned into one of the most important concerns of the Islamic Republic. In the eyes of Iranian officials, this is part of Tel Aviv's strategy of *geopolitical containment* of Iran.²² Meanwhile, Saudi Arabia has intensified its ties with the Muslim countries of Central Asia. This is also considered a worrying development in Iran.²³ In both cases, the development of trade and economic ties with the countries of the region, as well as huge investments in these countries, creates an economic influential interaction between Iran and those countries. In turn, by trying to create economic interdependency with those regions, Iran is trying to protect its broader interests in the region.

Challenges and opportunities

Despite the favorable background, Iran's move to become a connecting link for Eurasian transport initiatives has been faced with considerable challenges. The main challenge in this regard comes exactly from the point that Iran wants to contain, namely, the role and influence of the U.S. Experience tells us that, given the considerable political and economic influence of the United States in Iran's neighboring countries, as well as its dominant role in global financial structures, in cases of Washington's increased pressure on Tehran, Iran's options for dealing with its neighbors are limited. As such, in the current situation that by re-imposing the previous, nuclear-related sanctions, as well as imposing new ones, the U.S. is trying to isolate Iran in the sphere of global economy, the development of transport projects in Iran with the participation of foreign parties will face problems. U.S. National Security Adviser John Bolton's visit to the three South Caucasus countries in October 2018, on the brink of a new round of U.S. sanctions against Iran, was a good example in this regard.

22 Suchkov, M. (2015) 'Sources of Israel's Policy in the Caucasus', Carnegie Moscow Center. Available at: <https://carnegie.ru/commentary/58972> (Accessed: 12 November 2018).

23 Azizi, H. (2017) 'Saudi Arabia woos Persian-speaking Sunnis in Central Asia', Al-Monitor. Available at: <https://www.al-monitor.com/pulse/originals/2017/08/iran-tajikistan-saudi-arabia-influence-tension-central-asia.html> (Accessed: 9 November 2018).

The trip, which was said to be aimed at “advancing American interests in a range of security issues,” was directly linked to Washington’s efforts to persuade the countries of the region to not cooperate with Iran.²⁴

At the same time, the Eurasian powers partnering with Iran within the framework of the Eurasian transport initiatives currently lack the necessary means to completely salvage Iran from the pressure of the U.S. sanctions. Russia, Iran’s most important partner in the military and security field, effectively lacks the possibility to invest in Iran’s infrastructure. That is mostly because, since 2014 and following the Ukraine Crisis, Moscow itself has been a target of Western sanctions. India is in fact the main U.S. ally in South Asia, and despite the political will to maintain relations with Iran, does not have the desire or the possibility of fully opposing American policy. As a result, Iran can only count on China in attracting necessary investment for developing the country’s infrastructure. However, firstly, this alone is not enough to meet Iran’s all investment needs, and secondly, as BRI and INSTC are considered rivals in some important aspects,²⁵ China’s increased involvement in Iran would naturally tie Tehran’s hands in trying to play a balanced and similar role in both initiatives.

At the same time, the Eurasian powers partnering with Iran within the framework of the Eurasian transport initiatives currently lack the necessary means to completely salvage Iran from the pressure of the U.S. sanctions.

Nonetheless, the current international situation creates some opportunities for Iran, which will make Tehran hopeful about its future role in the two initiatives. The most important opportunity in this area comes from the extremely unilateralist foreign policy of Donald Trump in the context of his “America First” slogan. This policy, along with Trump’s unprecedented disregard for international treaties – from the Paris environmental treaty to the Iranian nuclear deal – has caused even the European allies of the United States to start criticizing Washington and seek to find independent paths in diplomatic, economic, and even military affairs.²⁶ In this vein, given the fact that the ultimate

24 RFE-RL (2018), Bolton to Travel to Russia, Azerbaijan, Armenia, Georgia. Available at: <https://www.rferl.org/a/bolton-to-travel-to-russia-azerbaijan-armenia-georgia/29540724.html> (Accessed: 13 November 2018).

25 Valiyev, A. (2017) ‘North-South Transportation Corridor: Can It Become Alternative to OBOR?’, Caspian Policy Center (CPC). Available at: <http://www.caspianpolicy.org/news/north-south-transportation-corridor-can-it-become-alternative-to-obor/> (Accessed: 21 October 2018).

26 Stratfor (2018) In Europe, a Growing Push to Escape the Shadow of the U.S. Available at: <https://worldview.stratfor.com/article/europe-escape-us-shadow-merkel-trump-maas-handelsblatt> (Accessed: 19 October 2018).

destination of both BRI and INSTC is the European markets, there is a hope that if a real political determination is formed among the European countries, and they start to move toward the implementation of their independent plans, international diplomatic and financial support for the two initiatives would be increased and Iran would find new resources to advance its plans in this field.

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At the same time, it seems that the rivalry between China and India, ongoing beneath the two transport initiatives, as well as the American effort to curb China's international influence, has provided Iran with some new windows of opportunity. In this vein, after the start of the new round of U.S. sanctions against Iran on 5 November, it was announced that the project for the development of Chabahar Port was exempted from the sanctions and India could continue to cooperate with Iran in this area.²⁷

Although the official reason advanced for this move was that Chabahar would help promote Afghanistan's economic development, there is little doubt that trying to prevent China from fully exploiting the opportunity provided by the sanctions against Iran contributed to Washington's decision.

Conclusion

Iran's attempts to play a central role in the sphere of Eurasian transport date back to some two decades ago. However, several factors, from the lack of a political willingness on the Iranian side or among its potential partners to the constant American pressures, have caused the full realization of this plan to be postponed. Since the time the JCPOA was signed in 2015, Iran's efforts to achieve this goal have increased. As such, it seems that the United States' withdrawal from the nuclear deal has not only failed to deter Tehran from pursuing this goal, but in fact, with the aim of defusing the U.S. pressure, Iran has actually doubled down on its efforts in this regard. Generally speaking, at least in the short term, the overall challenges will cast a shadow of doubt over the realization of projects related to Iran's role in BRI and INSTC. In the long run, however, the ongoing international trends, especially the growing desire of the Eurasian powers

²⁷ Putz, C. (2018) 'Iran's Chabahar Port Scores an India- and Afghanistan-Inspired Sanctions Exemption', The Diplomat. Available at: <https://thediplomat.com/2018/11/irans-chabahar-port-scores-an-india-and-afghanistan-inspired-sanctions-exemption> (Accessed: 21 November 2018 2018).

to play an independent role on the global scene, could create a glimpse of hope for Tehran.

As for the implications of the two initiatives for the South Caucasus, at the first glance it could be said that the establishment of a connection between the region and the Persian Gulf and Asia via Iran would not only create new economic opportunities for the development of the region, but also lead to the development of political and security cooperation between Iran and the South Caucasus in the long run. This, in turn, could contribute to ensuring peace and security in the region. Meanwhile, the simultaneous presence of such great powers as Russia, India, and China behind the two initiatives could increase the political options of the South Caucasus countries, giving them space for maneuvering among the great powers, which would lead to an increase in their geopolitical weight. In the current transitional state of the international system, marked by the increasing role of non-Western powers, this point would be of an even greater value. As such, the South Caucasus countries can make a compromise between their favorable relations with the West and an enhanced cooperation with the East, thereby providing better conditions for maximizing their interests.