

Iran-Turkey deals: The West should now pursue 'dialogue'

by Muriel Mirak-Weissbach

The visit of Turkish Prime Minister Ecmettin Erbakan to Iran on Aug. 10-11, the first stop in a tour taking him to Pakistan, Malaysia, Singapore, and Indonesia, concluded with the signing of several ambitious economic cooperation deals, destined to change the economic and political geography of the region. In their bilateral agreements on gas, transportation, and electricity, Turkey and Iran have taken steps which will significantly upgrade the infrastructure links between the two, and with the Central Asian republics, in a cooperative, not rival effort. By so doing, they have done something which will send shock waves through the schools of British geopolitics. The British can be expected to respond in historical profile, with subterfuge, sabotage, or outright aggression. Turkey and Iran have also thrust onto the agenda of chancelleries in the West, particularly in Washington, a foreign policy challenge of no mean dimensions: Is it wiser to pursue the "dual containment" policy currently being tested in the new round of U.S.-initiated trade sanctions against firms investing in Iran, or is it preferable to launch a "critical dialogue" with Teheran, as Germany, in particular, has done? If the challenge is properly understood as an opportunity, it could prompt the Clinton administration to make urgent corrections to a misadvised Iran policy, inherited from the Bush era, and to define an approach to the region consistent with its policy toward China.

Erbakan was not indulging in rhetoric when he announced, on Aug. 10, following a meeting with Iranian First Vice-President Hassan Habibi, "A new era in Iranian-Turkish relations has started." Stressing their "common religious background" and "long common borders," the Refah Party leader spoke of the "need to make use of the available potential of industrial and technological expertise in the countries of the region." Presenting Iranian-Turkish relations as an ex-

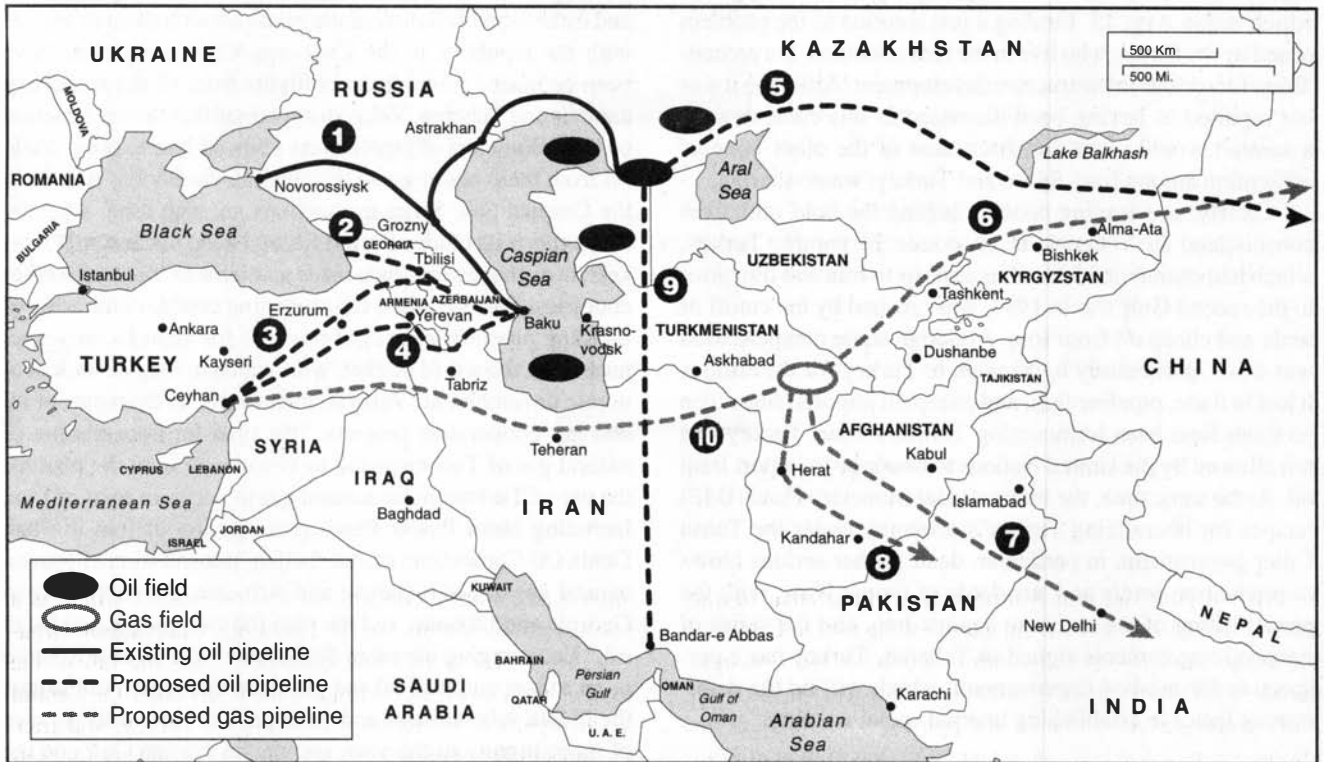
ample of economic cooperation for the Islamic world as a whole, Erbakan pointed to the Economic Cooperation Organization (ECO), which has expanded since the fall of the Soviet Union, to include Afghanistan, Azerbaijan, the Central Asian republics, in addition to Pakistan, Turkey, and Iran. The talks in Teheran, he said, would cover proposals for "setting up the ECO development bank . . . an Islamic development bank, and establishment of close cooperation between ECO and ASEAN." He reportedly also said, "There is no competition between Iran and Turkey to gain influence in Central Asia and the Caucasus," and "Turkey wants to implement a joint policy with Iran in that region."

Accompanied by a delegation of 102 businessmen, Erbakan signed a series of bilateral agreements of immense importance. The centerpiece is a \$20 billion deal over 23 years, whereby Iran will sell gas to Turkey, which will be transported through a new pipeline. Each country will build its part of the pipeline, stretching from Tabriz in Iran, to Ankara, in Turkey, which is to be completed by 1997. The natural gas will come from Iran and Turkmenistan, which recently signed an agreement, and will provide Turkey with 10 billion cubic meters of gas per year in the next three to four years. Reportedly, at the same time, a major new agreement was being confirmed between Turkmenistan and Russia for joint exploitation and transportation of gas. (Figure 1 shows the configuration of major oil and gas pipelines prior to Erbakan's trip.)

Furthermore, Iran is to sell Turkey electricity. According to Iranian Road and Transportation Minister Akbar Torkan, high-voltage lines will be built to link the power networks of the two countries together, permitting the transfer of Iranian electricity to Turkey.

Most important, further decisions were made to integrate and expand the transportation facilities of the region. Turkey

FIGURE 1
Eurasian oil and gas pipelines



Line 1 is an existing oil pipeline that could pump oil from the Baku Caspian Sea oil fields, and the newly developed Tengiz fields in Kazakhstan, to the Russian port Novorossiysk on the Black Sea.

Line 2 is a proposed pipeline running through Azerbaijan and Georgia. The line would run through the Kuma River valley, nearby Karabakh, and would end at the port city of Poti, nearby Abkhazia.

Lines 3 and 4 are two proposed pipelines pumping oil from Baku to the Turkish port of Ceyhan. Both had been proposed as alternatives to the existing line through Russia.

Line 5 is a proposed pipeline which would pump natural gas from the Tengiz field in Kazakhstan via China, for Japan.

Line 6 is a proposed pipeline which would pump natural gas from Turkmenistan via Central Asia and Xinjiang province, for Japan.

Lines 7 and 8 would pump natural gas to Pakistan and India.

Lines 9 and 10 would run through Iran.

and Iran agreed to build a rail line from Tabriz in Iran to Van, a port town on the eastern side of Lake Van. This line will supply a vital missing link between Turkey and Iran, within the broader rail network across Eurasia, known as the Eurasian land-bridge. As shown in **Figure 2**, Iran inaugurated the stretch between Mashhad and Sarakhs onto Tajan in Turkmenistan, in May of this year, which completed the rail line from China (see *EIR*, "Our Choice: World Reconstruction, or World Dictatorship," Aug. 2, 1996). Now, with expanded Iranian-Turkish rail connections, this line can be extended to serve the port of Iskenderun on the Mediterranean, and to link Turkey with the Central Asian republics.

Finally, Minister Torkan also said, they agreed that the Turkish Black Sea port of Trebizond would be placed at Iran's disposal, to facilitate exports. Iranian and Turkish transportation systems will be the only ones to load and off-load Iranian

and foreign goods at the port.

Erbakan stated, that he hoped the conclusion of such accords would revive trade between the two countries, increasing volume from currently \$1 billion to what it used to be, \$2 billion, and beyond. Two other initiatives discussed during the visit will contribute to facilitate trade and communications, not only between Iran and Turkey, but with other important neighbors. One is finding a solution to the Kurdish Workers Party (PKK) terrorist insurgency, which has benefitted from logistical support from inside Iran. A meeting took place prior to Erbakan's visit, between his chief police director in southeastern Turkey and Iranian police and security officials from the Orumyeh province in northwest Iran, to discuss border security measures. The other initiative, is Erbakan's proposal for a four-party summit, among Iran, Iraq, Turkey, and Syria, to discuss "putting an end to the chaos" in

northern Iraq, where Kurdish parties have been fighting each other for three years, in the UN "protected zone." The Turkish justice minister, Refah Party member Shawakat Kazan, was to present the proposal to the Iraqis, during a visit to Baghdad which began Aug. 12. Finding a just solution to the problem posed by the Kurds, who live in the four countries, is a precondition for serious infrastructure development. Although it was not reported as having been discussed in this context, such a summit would allow for discussion of the other bone of contention among Iraq, Syria, and Turkey: water-sharing.

Clearly, one leading concern behind the bold initiatives consolidated in Teheran, is economic in nature. Turkey, which had channelled 30% of its exports to Iran and Iraq prior to the second Gulf war in 1991, was crushed by the cutoff of trade and cheap oil from Iraq. Although some compensation was made, particularly by Kuwait, to Turkey for the billions it lost in trade, pipeline fees, and cheap oil imports, since then no funds have been forthcoming. Unlike Jordan, Turkey was not allowed by the United Nations to continue to import Iraqi oil. At the same time, the International Monetary Fund (IMF) recipes for liberalizing Turkey's economy under the Tansu Ciller government, in particular, dealt further serious blows to production levels and standards of living. Now, with the partial lifting of the embargo against Iraq, and the series of economic agreements signed in Teheran, Turkey has a perspective for marked improvement, which will be the determining factor in establishing internal social stability.

Iran's grand design

But the thrust of the visit was not only economic. It consolidated a major foreign policy achievement for both Turkey and Iran. Iran's foreign minister, Dr. Ali Akbar Velayati, presented to the Crans Montana Forum in Switzerland on June 20-23, a comprehensive outline of Iran's foreign policy orientation to Central Asia and the Caucasus, which provides the context for appreciating the accords just signed with Turkey. Velayati stated at the outset, "The dissolution of the former Soviet Union and the emergence of 15 independent states have provided the region with many challenges and opportunities. A new horizon for economic and political cooperation among countries of the region has evolved. For the first time, the CIS [Community of Independent States] countries, including the Russian Federation, can benefit greatly from access to the Indian Ocean through the shortest routes." Velayati, citing the danger presented by the vacuum created after the collapse of the U.S.S.R., said Iran therefore set a "high priority" on its foreign policy there, preferring "long-term ideas that entailed greater prosperity, peace and development for the nations of the region, than seeking short-term benefits arising from unfolding circumstances."

Velayati outlined three principles for achieving this: "1) National security is an inseparable part of regional peace, stability, and security. 2) National security is an inseparable part of regional development. 3) National development is an inseparable part of regional development." Stated otherwise,

"we can not have a peaceful country in a region plagued by instability and we can not have a rich country in a region of poverty." On the bilateral level, Iran had been among the first to recognize the independence of the former Soviet republics, and established full diplomatic relations with them as well as with the republics in the Caucasus. Communications have been enhanced through direct flights from all the respective capitals and Teheran. Velayati explained that the construction of 100 kilometers of pipeline has allowed Iran to bring crude oil from these countries to the pipeline via Bandar Anzali on the Caspian Sea. Swap transactions are also used, whereby Iran exports its crude oil from Kharg Island to consumer markets, in exchange for crude made available to Iraq by the other countries. This saves the oil-producing countries the costs of building pipeline, making it possible for them to earn revenues from the world market, with which to finance their economic development. Velayati mentioned, as examples of oil and gas cooperative projects, "the plan for transmission of natural gas of Turkmenistan to Europe via Iran; the plan for the use of Turkmenistan natural gas in northern parts of Iran, including Neka Power Plant; participation of Iran in Shah Deniz Oil Consortium of Azerbaijan; transmission of Iranian natural gas to Nakhichevan and Armenia and continuing to Georgia and Ukraine; and the plan for swapping Kazakhstan oil." Encouraging the swap deals, Iran "will be able to serve as an export outlet of oil and gas from this region to Europe, the Indian subcontinent and other parts of the world because of its contiguity to the open sea via the Persian Gulf and the Sea of Oman and neighboring Turkey and Pakistan. Therefore," he concluded, "the shortest, the most economical and safest route for the transport of raw material from Central Asia to final consuming markets is through Iran." Velayati added, that in trilateral relations, such cooperation could help the republics of Central Asia overcome the problems created by the Soviet system, which assigned them to concentrate on the production of a single commodity.

In discussing regional relations, the Iranian foreign minister considered two frameworks, the Economic Cooperation Council and the Caspian Sea Cooperation Council (CSCC). ECO "allows the region to get closer on the one hand to the Indian subcontinent, Southeast Asia, and even the Pacific region. On the other hand, Iran as an important member of this organization can make available all its facilities for the linking to the Persian Gulf and its southern littoral countries. Turkey, another member of ECO, can link the region to the Black Sea and Europe. Therefore, ECO plays the role of a multi-sided hinge for the Central Asian countries. It is not possible to project in the outside world without this strong hinge." The CSCC is to articulate a legal regime, for relations among the littoral countries.

None of this is pipe dreams. Concrete work has been done to translate each of these projects into reality. If the planned pipeline and transportation projects are realized, as corridors to bring development, they will transform the region fundamentally. One further project under consideration, entails a

natural gas pipeline from Iran to Pakistan and India, whose combined gas imports are estimated would be between 30 and 70 billion cubic meters per year, in 2010. Three proposed routes are: along the ocean floor from the Persian Gulf to the Gulf of Oman, to India; along the ocean floor and overland, along the Pakistani coast to India; and overland, from the Iranian gas fields to India. Various projects have been designed since 1990, and a Joint Working Committee of the National Iranian Gas Company (NIGC) and the Gas Authority of India Ltd. (GAIL) is studying an offshore route. The total investment is estimated to be \$6-7 billion, according to a study published in *Iran Report* in June.

British anti-Iran hysteria explodes

By the time Turkish Prime Minister Erdogan was boarding his plane for Teheran, the anti-Iran hysteria in the Western press, whipped up by the British *Sunday Telegraph* and *Daily Telegraph*, had reached dimensions reminiscent of the pre-war propaganda campaign against Iraq in late 1990. The wild story by Con Coughlin in the *Sunday Telegraph* on Aug. 11, claiming that "British customs officers seized Iranian nuclear bomb-making material," was a variation on a well-known theme. The "highly specialized maraging steel" which a British national of Iranian origin was reportedly caught shipping from the United States via Britain to Iran, for nuclear bomb

construction, recalls the "super-gun" story fabricated to paint the picture of a Saddam Hussein whom the "international community" must stop. The *Telegraph* had already been working overtime churning out stories of Iranian terrorist camps, training operatives used to down TWA 800, to plant bombs in American facilities in Saudi Arabia, and so forth. The Saudis reportedly provided visiting U.S. Defense Secretary William Perry with "proof" of Iranian involvement in the Dhahran bombing, and Israeli military affairs journalist Zeev Schiff immediately claimed that the United States was preparing a military strike. The *Times* of London pitched in with the story that Iran had biological weapons, and that, were Iran hit, it would respond by poisoning the waters of Europe and the United States with deadly pollutants. At the Republican convention in San Diego, Henry Kissinger and Alexander Haig were heard at an International Republican Institute seminar, calling for military strikes against the supposed terrorist training camps.

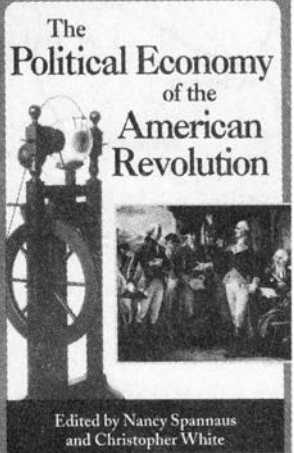
As soon as the news came out about a projected gas deal between Iran and Turkey, the press corps, predictably, did its part at the State Department briefings, baiting spokesman Glyn Davies with questions, whether the deal did not violate the recently approved sanctions against Iran. Davies, while stressing that there was no change in U.S.-Turkish relations, which are good, did say he thought the deal sent "the wrong message to Iran." While another State Department spokesman, Nicholas Burns, said he thought the Turkish deal violated the new sanctions, Prime Minister Erdogan made clear in his official statements in Teheran, that this had nothing to do with the United States. Pakistan and China, both involved in vast economic cooperation projects with Iran, intervened through spokesmen, to urge Washington to seek "dialogue" rather than confrontation. And Iranian spiritual leader Ali Khamenei cooled down the atmosphere, by saying Iran should respond to the D'Amato sanctions, as they are known, through "diplomacy."

Germany opts for 'dialogue'

The most sensible response in the West to the groundbreaking Teheran agreements has come, for lawful reasons, from Germany. Prof. Michael Stürmer, who directs the Science and Policy Foundation, near Munich, elaborated his view, in an article in the Swiss *Neue Zürcher Zeitung* on Aug. 9, that U.S. and German policy toward Iran must take into consideration the latter's pivotal new role in Central Asia. Stürmer referenced the historic opening of the Mashhad-Sarakhs rail link in May, which completed the China-Europe connection, by-passing Russia, and thus defining Iran's "pivotal function." Iran is thus providing Asia and South Asia with access to the Straits of Hormuz, as well as allowing the new Central Asian republics a means to sell their oil on the world markets through swap agreements. Considering the "geopolitical implications" of this, Stürmer argues for a constructive attitude toward Iran from the West, which could

DO YOU
KNOW

- that the American Revolution was fought *against* British "free trade" economics?
- that Washington and Franklin championed Big Government?
- that the Founding Fathers promoted partnership between private industry and central government?



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A more extensive elaboration of the reasons why Germany has indeed opted for a "critical dialogue" with Iran, comes from the director of another prominent German think-tank, which also provides analyses and policy recommendations to Bonn. Prof. Dr. Udo Steinbach directs the German Orient Institute in Hamburg. Speaking on the 60th anniversary of the German-Iranian Chamber of Commerce, on April 29, Steinbach referred to Iran as a country of "world political importance." Steinbach's argument starts from the premise that Iran is not a "banana republic," but a nation whose history renders it somewhat unique in the region. Comparable to China, Iran has a continuous history stretching back 2,500 years, Steinbach said, a continuity expressed as well in the national language, Persian (or Farsi), which is derived from the ancient Indo-European language, Old Persian. Although the introduction of Islam in the seventh century constituted a break, yet, many pre-Islamic cultural traits were maintained, particularly through its rich poetical tradition. Steinbach characterized 16th-century Iran, which became Shi'ite, as the "Protestant" in contrast to the "Catholic" Ottoman Empire, which was Sunni. Iran maintained its distinction, though surrounded by the Sunnis, thus becoming, Steinbach believes, the "first, and perhaps even the only real nation in . . . the Near East" and in the Islamic world. Another crucial trait in the Iranian national character, Steinbach explained, is the spirit of independence against foreign control. Steinbach cited the events of 1891-92, when the British colonial power extended a monopoly to a British merchant on tobacco in the country. On the initiative of a religious leader, the population overwhelmingly supported a ban on smoking, and succeeded in discontinuing the monopoly. This, Steinbach said, was an important precedent to the 1906 constitutional revolution, which defined limits to the powers of the Shah, and "strengthened the expression of the Islamic element of Iranian identity, by creating a council, which was reinstated in the constitution of 1980."

Without underestimating the importance of the Shah, "which would be dishonest," Steinbach argued that the Iranian Revolution of 1978-79 should be put to the test of time, in certain respects, like the French Revolution and the Bolshevik Revolution. Whether it was a "great or small" revolution, in Steinbach's view, it has a "legitimacy, whether it was good or bad in reality," and will not be reversed. Steinbach asserted that Germany's decision to chart the path of "critical dialogue" with Iran, despite pressures from abroad, betrayed a deeper understanding of the country, that the German government "discovered something more than others, of what is essential, what is behind . . . this new Iran." The "incredible challenge before the Iranian government today," Steinbach concluded, following its 1980-88 war against Iraq and the subsequent embargo policy against it, is "how does one live with a view toward the future?" The "critical dia-

logue," in his view, "should help" the process of "change in view of the future" in Iran.

The "critical dialogue" which Germany has most energetically pursued with Iran is firmly rooted in economic cooperation agreements, which will go far toward strengthening those forces inside Iran, in favor of dialogue. Germany, which is Iran's number-one trade partner, is in an excellent position to provide high-technology exports to contribute to bringing about the infrastructure projects on the drawing boards. Yet, it has held back to a certain extent, under pressures coming from the London-based confrontationists.

In an interview with the Bonn *General Anzeiger* in June, the Iranian Ambassador in Bonn, Seyed Hossein Mousavian, said there was significant room for expansion and improvement of German-Iranian relations. "The relations are not good, because the German government is not using a lot of potential. Germany could have 25% participation in the second Iranian five-year plan, as was the case with the first five-year plan. That represents a volume of \$25 billion." The problem has been, that Germany has, at least in part, respected the sanctions policy against Iran. As a result, Mousavian explained in an August interview with the *Hamburger Abendblatt*, Iran has shifted more toward Asia. "While you have drawn back from economic advantages [of trade with us], we have naturally filled this vacuum with Asian nations. You used to have 70% of economic relations and the Asians, 10%. Now it is only 45% on your side, and 25% on the Asian side. The rest has gone to Latin American countries." One example of lost deals given by the ambassador, was a contract it had had with Siemens during the Iran-Iraq war, for \$700 million. After the war, it offered the same project to the German firm ABB, but due to the lack of Hermes credit guarantees, it fell through, and another party received the contract for \$100 million.

Now, following the successful conclusion of Iran's deals with Turkey, and with several nations of Central Asia, the potential for expanding economic cooperation with Germany has been multiplied. Germany enjoys deep, solid, long-standing economic relations with Turkey and is in a privileged position, to contribute positively to the new reality there. As the Iranian Dr. Medi Navab told a meeting of the board of Krupp Hoesch International AG, of which he is a member, in June, "A further basis for bilateral cooperation is German-Iranian cooperation in the realization of regional economic projects with the littoral countries of the Persian Gulf as well as countries in Central Asia and the Caucasus." I.e., the kinds of deals signed and sealed in Teheran. Pointing to the Iranian firms dealing with consulting and engineering, Dr. Navab said that domestic labor could provide for installation of plants, construction materials, and so forth. "Therefore, German firms that want to invest in these countries, are cordially invited to cooperate with Iranian construction firms."

In marked contrast to this sane, mutually beneficial relationship known as the "critical dialogue," by now consolidated in German-Iranian relations, stands the so-called "dual

containment” policy identified with economic sanctions which prevent collaboration.

‘Dual containment’ is vintage Kissinger

The “dual containment” policy has been presented as a “Clinton administration policy,” because, it is said that, while previous administrations sought to deal with Iran and Iraq, by promoting a balance of power, supporting one against the other, now the idea is to counter them both. In point of fact, both versions of the policy are vintage Kissinger. In reality, it was Kissingerian policy, as shared by think-tankers Bernard Lewis and others in the 1970s, to stop the demographic, economic, and industrial development of any economy in the developing sector, as spelled out in Kissinger’s 1974 strategy paper, NSSM 200. The doctrine was applied through fomenting civil wars (Lebanon), through political assassinations and destabilizations (Pakistan, India, Egypt), across the subcontinent of India into the Middle East. It was the logic of Kissinger’s Malthusian doctrine that was the driving force behind Kissinger’s support for the Iran-Iraq war, which bled both countries of human beings and resources for eight years. Kissinger’s viewpoint was, “Let them kill each other off.” As Iraq was struggling to emerge from that war to rebuild, the same geopolitical circles who were later to make Kissinger into Sir Henry, launched the second Gulf war, to “bomb Iraq back to the Stone Age,” as James Baker III put it. No sooner had the second Gulf war been ended, than leading Kissingerians, such as hired pen Kenneth Timmerman, began to put out the line that “Iran had become the regional superpower,” and “the next threat in the region would come from Teheran.” This, because Iran had maintained neutrality in the war, and was on its way to reconstructing after the 1980-88 disaster. Now, eight years after the end of the conflict with Iraq, as Iran has rebuilt its basic infrastructure, and is pursuing the regional development policy elaborated by Foreign Minister Velayati, the Kissingerians are determined that Iran must be stopped. In essence, Iran has been orienting toward Central Asia and the Caucasus, in a manner similar to Iraq’s approach toward the Arab world prior to Desert Storm.

If one considers the enormous potential, which is not only economic but political, of the new configurations emerging on the map of the Gulf region, Central Asia, and Asia, such a “dual containment” policy can only be characterized as “shooting oneself in both feet at the same time.” Contrary to the geopolitical ravings of Kissinger, and his co-thinkers, such as Martin Indyk, a person identified with the “dual containment” posture, it is in the immediate self-interest of the United States, to promote the economic well-being and industrialization of both Iran and Iraq. Any serious commitment to peace in the area, must be premised on the fact that economic development, requires vast regional infrastructure projects, bringing neighboring states into collaboration. Iraq, even despite the ravages of Desert Storm and the continuing, murderous embargo, still represents a national economy with ad-

vanced infrastructure. Iran, which has been expanding its infrastructure, now has a population of 65 million; growing at a rate of 18 million per year, Iran will have over 100 million people as the 21st century opens.

The question is: Why does the United States continue to adhere to a policy which is a relic of the Kissingerian past of George Bush et al.? Why does “public opinion” accept the torrent of lies pouring out of the British press about the “twin evils” of the Gulf? Why is the United States thus excluding itself—and millions of jobs for Americans—from the exciting economic promise in this area of the world?

When asked in an interview for his reaction to British media reports, that his embassy in Germany served as a headquarters for terrorism, Ambassador Mousavian replied, “I have been ambassador for six years. No German authority has ever spoken to me about this crazy, groundless suspicion. The interest is clear: The English want to destroy relations between Bonn and Teheran.”

Interview: Seyed Hossein Mousavian

Iran’s strategic economic role grows

Seyed Hossein Mousavian is the ambassador of the Islamic Republic of Iran, in Bonn, Germany. He was interviewed by Muriel Mirak-Weissbach in early August.

EIR: Your Excellency, on May 13 of this year, the Mashhad-Sarakhs railway was inaugurated, establishing the missing link along the new Silk Road. Your deputy foreign minister for Asia-Pacific, Alaeddin Boroujerdi, who presented the achievement at an international symposium in Beijing, said that it was the result of cooperation with Turkmenistan, “without any international assistance.” Can you explain how the project was done, how it was financed?

Mousavian: In the Name of Allah. The railway is almost 300 kilometers. One hundred seventy kilometers is on Iranian soil and 130 km in Turkmenistan. Each country has constructed its own railway, and at the border of the two countries, they have been connected to each other. The investment for this project was provided by both, Iran for its territory and Turkmenistan for its territory. No foreign investment was involved.

EIR: The Mashhad-Sarakhs-Tajan stretch is but one part of a vast rail network which Iran is expanding. Can you tell us more about these transportation grids and related infrastruc-