

IRAN AND SOUTHEAST ASIA: AN ANALYSIS OF IRAN'S POLICY OF "LOOK TO THE EAST"

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ABSTRACT

This article studies the sudden rise in the economic and commercial relations between Iran and Southeast Asian countries from 2007 to 2011 and its collapse afterwards. The author attributes this phenomenon to two factors: first, politics' priority over economy in Iran's foreign policy during the years Iran adopted the policy of "Look to the East," and second, characteristics of Iran's relations with the great powers of the United States and China. Based on these, the author contends that Iran's bid to establish firm economic relations with the East in order to manage and reduce political pressures from the West is the reason for sudden rise in Iran-Southeast Asia relations. The rising trend in the relations was reversed from 2011 onward mainly due to the United States' persuasion of the Southeast Asian countries to reduce cooperation with Iran. The author further discusses that the dynamics of Iran-China relations have also limited the scope of Iran-Southeast Asia cooperation.

Keywords: Southeast Asia, the policy of Look to the East, Iran's foreign relations, the United States, China

INTRODUCTION

The subject of Iran-Southeast Asian countries¹ relations has remained extensively unattended in study of Iran's foreign policy. In the midst of this scholarly silence, Iran has developed broad diplomatic, trade, economic and

technological relations with the Southeast Asian nations either bilaterally or through multilateral settings. A quick review of the relations between Iran and the countries of Southeast Asia during a twelve year time span (2002–2013) is indicative of a peculiar phenomenon: sudden rise in amount and value of commercial and economic relations from 2007 to 2011 and a subsequent sharp decline afterwards. Studying the conditions under them Iran has embarked on expansion of relations with countries of Southeast Asia, I contend that the flow and ebb in Iran's relations with Indonesia, Malaysia, Thailand, Singapore and Philippines has taken place not as a result of the necessities or characteristics of such relations but rather due to the quality of Iran's relations with the great powers of the United States and China. In other words, changes in Iran-Southeast Asia relations have been reflective of the shifts in Iran's relations with the great powers.²

Based on this, in the present study, I hypothesise that "Iran's bid to establish firm economic relations with the East in order to reduce political pressures from the West is the reason for the sudden rise in Iran-Southeast Asia relations and its non-durability is a result of dynamics of Iran's relations with the great powers of the United States and China." In order to test this hypothesis, first I explain the different phases of Iran's foreign policy and locate the policy of "Look to the East" within these phases. Then I review the history of Iran's relations with Southeast Asia and study the impact of the policy of Look to the East on Iran's relations with the countries of Southeast Asia. At the end, an analysis on the role the great powers of the United States and China have played in determining the scope and direction of these relations will be presented.

LOCATING "LOOK TO THE EAST" IN IRANIAN FOREIGN POLICY

Ever since the 1979 revolution and as a result of shifts in governments, different and competing discourses have dominated Iranian politics, each with certain and significant consequences for the direction of foreign policy. During the first three years after collapse of the Shah's regime and establishment of the new political system, a realist discourse of self-preservation dominated Iranian politics. The interim government of Mehdi Bazargan, the first post-revolution prime minister, was mandated with establishment of new institutions and securing longevity of the newly founded political system. Among the foreign policy principles of the interim government were inclination towards the West and insistence on nonintervention in other countries internal affairs (Bakhshayesh Ardestani

2000: 83). The early statesmen of the Islamic Republic within Bazargan's cabinet were of the belief that preserving and stabilising the Islamic Republic is bound to sustaining ties with the western powers, particularly the United States. As a result, Bazargan tried to boost relations with America and arranged meetings with American officials including Zbigniew Brzezinski the then national security advisor to Jimmy Carter (Rezaee 2009: 268).

With taking over of the United States' embassy in Tehran in 1979 and the subsequent resignation of the interim government, the idealist revolutionary discourse prevailed over Iranian foreign policy centred on the notion of "export of revolution." According to this discourse, the Islamic revolution was not confined to the boundaries of Iran and belonged to the Muslims around the world and therefore exporting the revolution was considered a duty to be fulfilled (Yazdani and Akhjasteh 2012: 62). As Ramezani argues: "Exporting revolution was a means to defend the Islamic Republic in the short run and establishment of a new world order under the umbrella of Islamic justice in long terms" (Ramezani 2009: 65). This was a clear departure from the realist approach to foreign policy towards an idealist and revisionist one that criticised international power relations and international organisations. This idealism that prioritised relations with the oppressed people around the world over cooperation with governments lasted up until the end of the Iran-Iraq war in 1988. At the centre of this policy was opposition to the arrogant superpowers with the slogan of "No East, No West." However, despite expectations to be equidistant from both eastern and western powers, Iran was more "No West" than "No East" during these years.

The end of the Iran-Iraq war that coincided with presidency of Akbar Hashemi Rafsanjani put an end to this revisionist foreign policy and brought to the fore a pragmatist and economy-first agenda. The ruins of the war had to be repaired, the economy had to be driven out of stagnation and the government debts had to be settled. These economic necessities together with changes in the international system with collapse of the Soviet Union gave room for a foreign policy directed towards reducing tensions with the international community particularly the western countries and adoption of a policy based on *détente* (Tajik and Dehghani Firoozabadi 2003: 70). As a result, repairing relations with the governments replaced expansion of ties with non-governmental and oppositionist movements around the world and Iran tried to restore constructive relations with the western countries in order to absorb modern technology and foreign investments. The height of this policy was during the presidency of the reformist Seyyed Mohammad Khatami who proposed the idea of "Dialogue among Civilisations" and

pursued a constructive engagement with European countries in the course of resolving Iran's nuclear issue (Soori 2005: 186–191).

The cyclical pattern of rapprochement with the West followed by disengagements from it continued after Rafsanjani and Khatami, this time by revival of the revolutionary and idealist discourse during Ahmadinejad's terms in office (2005–2013). This new era in Iranian foreign policy that is best known as Look to the East saw an unprecedented push for revitalisation of relations with the eastern countries in parallel with intensification of tensions with the West. Although in the past Iran had approached the eastern centres of power in times of escalating tensions with the West, this time around it tried to mend fences with the East for it to act as a balancing force against the West. In fact, policy of Look to the East was supposed to grant the country a wider margin of manoeuvre during confrontation with the West over the nuclear issue. The new approach utilised economy to serve political and diplomatic objectives and sought to reduce Iran's dependence to the countries that were not politically cooperative (Saqafi Ameri 2006: 27–28). So unlike the previous cases of antagonism with the West that were informed by the revolutionary slogan of "no East-no West" this time Iran tried to mitigate western hostility by recourse to the East.

Although this policy was never manifested in any official document or even discussed formally, its founding logic was quite clear: Iran needed to boost its diplomatic and economic relations with the eastern countries to gain leverage against the West's mounting pressures. Despite the fact that the idea of expanding relations with the eastern partners was never new in Iranian foreign policy setting, the policy of Look to the East was unique this time around. What distinguished the new Iranian approach from the historical pattern was that Iran wanted to mend fences with the East, this time without reducing tensions with the West. In stark contrast to the foreign policy of the reformist administration of Khatami which sought *détente* with the West and characterised itself with the idea of "Dialogue among Civilisations," the Look to the East policy of the conservative administration of Ahmadinejad was after tightening the links with the East in order to relieve itself from *détente* with the West (Akbarzadeh 2014: 97). In fact, the policy of Look to the East wanted economy as a tool to advance political objectives (Shafiei and Sadeghi 2010: 311).

IRAN AND SOUTHEAST ASIA: A HISTORICAL OVERVIEW OF RELATIONS

The history of Iran's relations with the Southeast Asian nations dates back to the pre-Islamic era and the time trade connected west of Asia to the east of this continent. The archipelago was located in the middle of the trade route from Iran to China and therefore trade with the Chinese merchants kept Iranians connected to the residents of Southeast Asia. It is quite well-known that, for centuries, products called "Persian" including fumigants, perfumed woods, gums and resins have been exported from west Asia to China. Such products were delivered through Southeast Asia (Brown 2003: 14). With the bloom of trade in Southeast Asia during the seventh century, the ports of this region were expanded unprecedentedly and occupied special places in the international trade of the time. During this era, Iran remained one of the main starting points and also destinations for trade with Southeast Asia. During this time, the Maluku spices were sold in Iran and the Iranian resin and cotton cloth found a profitable market in Southeast Asia. The flourish in trade led to residence of an Iranian population in the archipelago and other parts of Southeast Asia. For instance, the well-known city-state of Srivijaya which used to be one of the greatest centres of power and wealth from 8th to 12th century was host to, among other nationals, a considerable number of Iranians (Brown 2003: 20). With introduction of Islam to Southeast Asia and emergence of the Muslim resident port-states, particularly from the 16th century onwards, the number of Iranians in the archipelago increased and they dispersed more broadly throughout the region.

The zenith of Iran's engagement in Southeast Asia was during the Safavid Empire (1501–1736). The years this empire ruled Iran coincide with the elementary phases of modern nation-states in Europe. Safavids are normally known as harbinger of Iranian modern state in the aftermath of the post-Islamic caliphs and subsequent Turko-Iranian dynasties. During the reign of the Safavid Kings, particularly Shah Abbas the Great, Iranian borders were defined and a unified stratum of Islam, that is Shia, was introduced to the whole nation. With respect to foreign relations, the Safavids established trade-based relations with their counterparts around the world and export of commodities became the major source of state's revenue. Customs were first recognised in this period and foreign economic interactions were regulated in a quite functional way. Such developments were consequential for expansion of ties between Iran and Southeast Asia.

There were two conduits for Iran's trade and cultural relations with Southeast Asia from this time onward: First, the sea routes that connected Persian Gulf to the Southern China Sea and passed through the Southeast

Asian straits and waterways; and second, the land route from Iran to South Indian ports and thereafter to Southeast Asia. Here, the Qutb Shahi Dynasty (1512–1687) in southern India was a major contributor. The Qutb Shahi kings were Twelve-Imam Shia believers who enjoyed close relations with the Iranian Safavids and were regarded as the centre of Shiism in the Indian subcontinent. Since the northern parts of the subcontinent were ruled by the Sunni Mughal Empire, the Qutb Shahis attracted the Shia all over the subcontinent and provided them with protection. They were at the same time regarded as a major link between Iran and the South Indian waters and thereafter Southeast Asian lands (Marcinkowski 2014: 4). Collapse of the Qutb Shahis by the Mughal Empire (1687) even intensified spread of Iranians in Southeast Asia by pushing those residing in southern India to move further south and southeast. This was particularly a contributor to increase in number of Iranians residing in Siam (Thailand) in a way that Shias (Iranians) constituted the majority of Siamese Muslims. Some of them even occupied significant posts particularly in foreign trade affairs of this country (Marcinkowski 2014: 5).

This historical pattern of economic and cultural relations continued to exist after the Iranian revolution of 1979. Although at the beginning, the Iranian vision of promoting revolutionary values overshadowed Iran's relations with countries of Southeast Asia, over time the economic logic retained its traditional position in determining the direction of relations. The Iranian revolution occurred in a time of religious movements revival in the Muslim majority countries of Southeast Asia, most notably Indonesia and Malaysia, and therefore served as a source of inspiration for the emerging Islamism in these countries. In Indonesia for instance, Iran's revolution raised concerns within Suharto government "about the prospect of the Islamic revolution in Iran (1979) influencing developments in Indonesia, especially Indonesia's student population" (Porter 2002: 71). In Malaysia, too, the Islamic movements expressed support to "the spirit of the Revolution and Iranian aspirations to establish Islamic justice" (Nair 1997: 74). In spite of these, two factors diluted the impact the Iranian revolution could have left on the Southeast Asian developments and helped trade resume its status as the primary defining element of Iran's relations with the countries of this region: First, the ability of the regional states to curb the Islamist movements during the immediate years after the Iranian revolution; second, the widespread Saudi Arabian investment in proliferation of the Salafi ideas throughout Southeast Asia, particularly in Indonesia and Malaysia (Abuza 2007: 18).

That said it should also be taken into account that the status of Southeast Asian countries in the trade and economic priorities of Iran has

not always been stable ever since. Iranian efforts to mend relations with the Southeast Asian countries started with the presidency of Akbar Hashemi Rafsanjani, the most pragmatist figure among the Iranian political elites. The first result of Iranian diplomatic initiatives was the visit paid by Mahathir Mohamad the then Prime Minister of Malaysia to Iran in April 1994. During his visit, the Malaysian Prime Minister signed a number of protocols and treaties with Iran, all centred on expansion of economic and commercial relations between the two countries (Research Center of the Iranian Chamber of Commerce, Industries and Mines 1994: 5). The visit was paid back by the Iranian president six months later in October 1994. During such exchange of visits, foundations for a new phase in the two countries relations were laid. According to the signed contracts, the Malaysian Petronas acquired 30 percent of the stakes of oil extraction from Iranian Sirri oil field. Extraction of 40,000 barrel-per-day from Balal oil field was also granted to this leading Malaysian company. The expansion in relations which was motored by the similarity of the viewpoints between Iranian president and Malaysian Prime Minister, led even to some political backing from Malaysia to Iran when the Iran-Libya Sanctions Act (ILSA) was passed by the U.S. congress in 1996. The rise to power of Iranian reformist figure, Seyyed Mohammad Khatami, helped even more flourish of Iran-Malaysia relations (Hunter 2010: 136).

Like Malaysia, a new era in Iran-Indonesia relations was ushered by ascendance of Iranian Rafsanjani to power. The start of pragmatism in Iran and subduing of revolutionary sentiments was accompanied by the beginning of the industrialised expansion in Indonesia which necessitated search for new consumer markets and energy resources. All these paved the way for new developments in relations. As a sign of improvement in relations, the Indonesian president, Suharto paid a visit to Tehran in 1994, which was the first visit of an Indonesian president to Iran since the Iranian revolution. During the next year's visit of Iranian president to Indonesia, a joint commission for economic and commercial cooperation between the two countries was established. In the meantime, creation of the D-8 organisation with membership of Iran and Indonesia provided a new venue for cooperation between the two countries. During the presidency of Seyyed Mohammad Khatami, the Indonesian president, Megawati Sukarnoputri, visited Tehran to take part in the D-8 summit. However no major change happened in the bilateral relation until the end of Khatami's tenure (Hunter 2010: 138).

SOUTHEAST ASIA UNDER THE POLICY OF LOOK TO THE EAST

As seen above, the pragmatist government of Rafsanjani and the reformist tide in Iran headed by Seyyed Mohammad Khatami had tried to bring economy and trade to the fore in setting Iran's relations with the Southeast Asian countries in the aftermath of the Iranian revolution. The trend of expansion in relations, however, faced a turning point with the coming of Mahmoud Ahmadinejad to power in 2005. What Ahmadinejad brought about was unprecedented expansion of commercial and economic ties with countries of Southeast Asia, albeit with a political mandate. Informed by the policy of Look to the East, Ahmadinejad tried to boost economic relations with the East to counter the political pressures from the West. This policy was successfully pursued during the first few years of his tenure but started to fail to reach its objectives as the ex-president approached the end of his presidency. In fact Ahmadinejad managed to expand ties with Southeast Asia in an unprecedented way but could not sustain it towards the end of his terms.

The sudden rise in the Iranian cooperation with the countries of Southeast Asia followed by a sharp decline can be understood by reviewing the value of bilateral economic and commercial interactions in a 12 years period (2002 to 2013). Although the increase in Iranian trade with the Southeast Asian countries has been different from one country to the other in terms of the longevity, such sudden rise is observable for almost all of the countries concerned. With respect to Malaysia as one of the most important partners of Iran in the region, study of the bilateral relations from 2002 to 2013 indicates that from 2005 to 2006 the amount of Iranian exports has increased slightly and has reached USD 31 million from the initial figure of USD 27 million. This number jumps to USD 178 million in 2007. This rising trend however does not sustain and starts to fall from 2007 onwards and reaches the very low figure of USD 53 million in 2010. The imports from Malaysia show a similar pattern. Iran's import from Malaysia rises to USD 420 million in 2006 and starts to decrease afterwards until reaching USD 235 million in 2010. Table 1 demonstrates the detailed data of Iran-Malaysia trade from 2002 to 2013.³

Table 1: The data of trade between Iran and Malaysia from 2002 to 2013 (in USD).

Year	Exports	Imports	Year	Exports	Imports
2002	8,432,763	195,357,768	2008	186,365,736	453,443,408
2003	8,910,731	269,902,716	2009	97,325,509	465,996,973
2004	18,504,773	298,880,072	2010	100,470,108	690,052,930
2005	27,068,865	328,448,971	2011	132,560,609	583,146,294
2006	36,265,923	368,221,792	2012	73,935,257	527,067,762
2007	31,473,060	421,736,524	2013	70,507,654	329,953,984

Source: Website of the Iranian Customs

Study of Iran's trade with Indonesia is also indicative of a similar fluctuation. While the amount of exports to Indonesia was never more than USD 90 million before 2007, in this year, the figure mounts to USD 205 million. The increasing trend sustains with a mild slope until 2009 when it skyrockets to USD 6 billion. The Iranian imports from Indonesia experiences similar up and down. In 2007 the Iranian imports from Indonesia reached USD 267 million with a USD 96 million increase compared with the previous year. This figure jumps suddenly to more than USD 2 million in 2010. However, like what observed about exports, imports from Indonesia starts to decline steadily from 2010 till 2013 when it reaches to USD 97 million. This is even less than the amount of imports taken place in the first year of study. Table 2 demonstrates the detailed data of trade between Iran and Indonesia from 2002 to 2013.

Table 2: Data of Iran-Indonesia trade from 2002 to 2013 (in USD).

Year	Exports	Imports	Year	Exports	Imports
2002	58,029,952	102,732,760	2008	321,224,000	295,263,162
2003	68,116,520	128,153,415	2009	368,114,444	265,111,551
2004	68,952,295	188,222,798	2010	6,100,102,340	2,174,995,801
2005	90,878,786	143,652,813	2011	1,125,597,098	188,494,912
2006	63,259,726	171,972,321	2012	400,038,799	148,626,757
2007	205,798,443	267,666,501	2013	59,489,904	97,040,387

Source: Website of the Iranian Customs

The trade between Iran and Thailand has also experienced a temporary rise and has returned to the previous status. Iran's exports to Thailand reaches from USD 7 million in 2003 to USD 115 million in 2008. From this year, the exports decline and reach USD 45 million in 2013. Iran's import from Thailand, however, does not follow the described fluctuation about Iran's

import from Malaysia and Indonesia and instead, remains almost even. When it comes to Singapore, the trade between Iran and this country undergoes considerable ups and downs. The value of Iranian export to Singapore in 2002 is only USD 65 million. This figure, however, mounts to more than USD 1 billion in 2011. The same happens about the import. Iran's import from Singapore reaches to more than USD 1 billion in 2009 from the initial USD 443 million in 2003. Such trend continues for four years and then faces a sharp decline to USD 680 million. Iranian export to Philippines is also illustrative of a sudden rise in exports to USD 2 billion in 2008. After that the value of exports experiences a constant slope downwards to USD 234 million in 2010 and USD 96 million in 2012.

RISE IN IRAN-SOUTHEAST ASIA RELATIONS: ECONOMY SERVES POLITICS

As seen above, a phenomenon of sudden rise in Iran-Southeast Asian relations and a subsequent sharp decline is observable during recent years. To explain this phenomenon I recall the discussion about Iranian foreign policy orientations, shifts in such orientations and their impact on the weight Iran puts on its international partners. As explained earlier, since the 1979 revolution, Iran's approaches to the global centres of power have changed in accordance with the discursive cycles in its foreign policy. During the period under study in the present research (2002 to 2013) two distinct views have dominated Iranian foreign policy. From end of Iran-Iraq war in 1988 until the rise of Ahmadinejad to power in 2005, Iran pursued an interactive policy *vis-à-vis* the western powers; particularly the Europeans. The policy of *détente* with the West was followed by both Rafsanjani and Khatami, albeit with varying degrees. The ascendance of the conservative discourse to the hegemonic position in Iran's foreign policy from 2005 onwards led to a shift in Iranian foreign policy from *détente* with the West to the policy of Look to the East. Adopting such a turn, Iran strived to strengthen its relations with the eastern powers in a way that guarantees their support in the course of confrontation with the West. In other words, Iran sought to win the support of the East for it to act as a counterbalance against the West and grant Iran a leverage against the Western pressures applied to oblige it change its nuclear policy.

In the framework of the Look to the East policy, Iran tried to find a new place among the Southeast Asian countries that had reasons to be interested in the Middle East, first to meet their energy needs and second to find markets for their manufactured products (Kemp 2010: 6–15). In

addition to export of energy, Iran enhanced trade in non-oil products with Southeast Asian countries. According to the statistics released by the Iranian Trade Promotion Organization, the amount of Iranian exports to the members of ASEAN increased 31 percent from 2009 to 2010 (Deutsch-Iranische Industrie- und Handelskammer 2010). Iran's export to ASEAN during the first month of 2010 saw a 72 percent increase compared with the same period in 2009 (Moj News 2010). In the same way, the value of Iran's non-oil exports to ASEAN rose 90 percent in the first three months of 2011 compared with the same period in 2010 (Ecasb 2011). By such expansion of economic cooperation, Iran tried to deepen its footholds in Southeast Asia to rely on the countries of this region as alternatives to its rapidly growing unreliable European partners.

Iran's signing of an agreement to build a new refinery in Indonesia with a value of USD 6 million in 2010 was an apparent measure to serve the said purpose. The refinery was meant to supply 14 percent of Indonesia's oil needs. Iran also started to play a greater role in supply of the Malaysian oil. Petronas purchased 600,000 barrels of oil from Iran on a three-month basis in 2012. In April 2009, the Iranian National Oil Refining and Distribution Company agreed with the Malaysian SKSD over establishment of two refineries in Malaysia. In the same year, the joint investment and trade between Iran and Malaysia in the field of oil reached USD 22 billion. Iranian relations with Singapore and Thailand also enhanced in a similar way. Iran-Singapore trade relations exceeded USD 2 billion and Singapore imported 20,000 barrels-per-day of Iranian oil. Iran's trade with Thailand also grew considerably through export of steel, iron, chemical products and medicine in exchange for absorbing the Thai investments in Iranian fishing industry. Iran also managed to remain among the Philippines' Middle Eastern partners, in spite of their relatively low value of trade. In 2005, Iran proposed an investment of more than USD 125 million in expansion of Philippine's petrochemical industry. The Export Development Bank of Iran and the Vietnam's VietinBank agreed on construction of a 49 Megawatt power plant (DeSilva-Ranasinghe 2012).

Iran's efforts to strengthen economic and trade ties with the East in time of increasing tensions with the West over the nuclear issue bore positive political outcomes at first. The first sign of success in expansion of relations with Southeast Asia was Indonesia's defiance to support the United States initiatives to send the Iranian nuclear dossier to the United Nations Security Council in 2006. The Indonesian president, Susilo Bambang Yudhoyono, called the Iranian nuclear program peaceful during a press conference in 2007 and called into question the legality of the Security Council's issuance of a resolution against Iran (Biersteker and Moret 2015:

66) One year later Indonesia proved once again the importance of Iran in its foreign policy calculations and refrained from cooperating with the United States in pressuring Iran. Stressing that it is not convinced about the efficacy of sanctions with respect to Iran when Tehran is cooperating with the International Atomic Energy Agency (IAEA), Jakarta abstained from voting to the 1803 United Nations Security Council resolution (IranTracker 2010a). Malaysia also issued a statement in July 2008 and welcomed Iran's cooperation with the IAEA. At the same time Malaysia declared that Iran's decision to use peaceful nuclear energy and its policy of completing the fuel cycle should be respected by all members of the international community. Such Malaysian stances were demonstrated in practice within international organisations. The most notable measure Malaysia took to support Iran was its negative vote to November 2009 IAEA resolution against Iran (IranTracker 2010b).

LIMITS TO IRAN-SOUTHEAST ASIA RELATIONS: THE ROLE OF UNITED STATES AND CHINA

The positive signs of cooperation with the East during rising tensions with the West were not sustained. A close inspection of Southeast Asian countries relations with the United States demonstrates the reasons behind failure of Iran's efforts to keep their support against the United States. From 1950s onwards, the United States-Southeast Asia relations have been defined in accordance with security considerations. The straits and water ways of Southeast Asia, like the Malacca Strait and the South China Sea together with the proximity of this region to China had granted it a strategic significance in the course of the Cold War global competitions. In the aftermath of the Cold War, despite vanishing of the communist threat, Southeast Asia has maintained its significance for the United States due to at least two factors of China rise and war against terror (Dalpino 2008). The United States, in turn, has remained important for the countries of Southeast Asia as a counterbalance against the Chinese growing power (Egberink and Van Der Putten 2011: 29). Such security interconnectedness keeps Southeast Asia and the United States strategically significant for each other and therefore makes it justifiable for the countries of Southeast Asia to cooperate with the United States over matters of high security importance.

Seeing the signs of Iranian success in attracting the Southeast Asian support for its nuclear program, the United States accelerated its pace to convince the countries of this region to abide by the sanctions regime against Iran; either those imposed unilaterally by the United States or those

that had the approval of the United Nations. In a step towards tightening the noose on Iran in Southeast Asia, in an interview with the Thailand national television in July 2009, the United States' Secretary of State, Hillary Clinton, expressed her country's resolve in stopping Iranian nuclear program and invited the international community to cooperate with the United States to keep up pressure on Iran (Landler and Sanger 2009). In another occasion, in her visit to Cambodia in July 2012, Clinton once again invited the heads of the Southeast Asian countries to cooperate with the United States and apply pressure on Iran with the aim to halt the Iranian nuclear program. She also warned the Southeast Asian countries not to ease pressures on Iran: "If we ease the pressure or waver in our resolve, Iran will have less incentive to negotiate in good faith or to take the necessary steps to address the international community's concerns about its nuclear program" (The Nation 2012).

The United States pressures left their imprint on the way the countries of Southeast Asia responded to the Iranian demands for support. In some cases, these countries found themselves locked between hard choices; either to support Iran and antagonise the United States or to comply with the United States demands and lose the large benefits of economic cooperation with Iran. One occasion which demonstrates the awkward conditions the countries of Southeast Asia found themselves in was the Malaysian odd behaviour when confronted with the Iran dilemma. Short after Malaysia voted "no" to the proposed IAEA resolution against Iran, the Malaysian Ministry of Foreign Affairs recalled its envoy to the agency and dismissed him from his post. It was done after the United States expressed concern over the vote (Heinrich 2010). The United States pressures also put the Southeast Asian countries in reactive positions in some other cases. For instance, claims about Malaysia cooperation with Iran in acquiring dual use items obliged the Malaysia's Deputy Minister of Foreign Affairs, Kohilan Pillay, to dismiss allegations of Malaysia's assistance to the Iranian nuclear program (MySinchew 2009). The same happened to Indonesia when it found no choice but to vote "yes" to the United Nations Security Council resolution 1835 against Iran after it had abstained from supporting the 1803 resolution some months earlier.

Apart from diplomatic area, in the economic scene, intensification of sanctions tied the hands of the Southeast Asian countries to continue working with Iran. From this phase onwards, the trend of increase in interactions started to reverse. Due to difficulty in currency transmission as a result of Iran's detachment from the global Society for the Worldwide Interbank Financial Telecommunication (SWIFT) network, the import of commodities from Indonesia grew difficult for Iran. According to Reuters,

Iran's purchase of palm oil from Indonesia was disrupted in 2012 (Koswanage 2012). As a result of sanctions, Malaysia reduced the import of oil from Iran together with some other customers. This reduction in purchase was a mechanism put in place by the United States in order for some importers of Iranian oil to be exempted from sanctions for a period of 180 days (Cordesman et al. 2014: 40). To abide by the sanctions regime, Petronas of Malaysia stopped selling refined petroleum products to Iran. The company refrained from further cooperation with Iran in establishment of a natural gas company. The contract for this joint venture had been signed in 2004 (Koswanage and Pachymuthu 2010). Malaysia's AirAsia also suspended flights to Iran in the mist of sanctions in October 2012 (AirAsia 2012).

In fact, the Malaysian companies were taking cue from those entities that had been previously hit by United States sanctions. Before that, the Bureau of Industry and Security of the United States Department of Commerce had placed the Anvik Technologies under sanctions for alleged transfer of electronic devices to Iran (Bricketto 2010). Singapore's cooperation with Iran was also reduced considerably after the Mid Oil Asia and Singa Tankers were sanctioned by the United States because of cooperation with Iran (Ministry of Foreign Affairs Singapore 2013). In addition to the perils of United States sanctions, the Singapore commercial and economic entities were dissuaded from cooperating with Iran due to their own national restrictions. According to the Singapore financial regulations, breach of the United Nations Security Council's resolutions by the public or private entities of this country shall be prosecuted and offenders may face a fine of up to USD 1 million (Murugason 2013). The Filipino exporters were also in trouble to continue trade with Iran; mainly as a result of difficulties in receiving their export money. While before sanctions they used to receive their money in two weeks, after sanctions came into force, this time was doubled. The hardships in financial transactions with Philippine were heightened to a degree that Iran proposed paying its debts in oil instead of hard currency (FreshPlaza 2012).

In addition to the United States, the Chinese factor has been in place to restrict Iran's cooperation with Southeast Asia. China has acted as a limiting factor in Iran-Southeast Asia relations in two ways: First the priority of China in Iran's Look to the East policy, and second, the competitive nature of China's relations with the countries of Southeast Asia. With respect to China's priority in Iran's Look to the East policy, there is an entrenched attitude among Iranian policy-makers that China (along with Russia) is the best eastern option Iran can count on in its foreign relations. Motivated by economic benefits and differences with the United States in

the way they perceive Iranian nuclear program, the Chinese preserved their activities in Iranian oil industries longer than any other country. While almost all Iran's international partners retreated from cooperation with Iran by the end of 2011, due to a combination of United States pressures and the vague outlook of investment in Iran because of the increase in sanctions intensity, China continued its activities in Iranian oil industry and maintained its trade relations with Iran. Despite the United States and international sanctions, China cooperated with Iran in production of oil and gas and continued its gasoline export to Iran. The fact that Iran's western partners were drawing back from cooperation with Iran granted China an unprecedented opportunity to stabilise its place in Iranian market and win profitable contracts in oil extraction and petroleum production. Therefore, albeit quite cautiously and with a slower pace, China continued its presence in Iranian oil and gas industries much longer than any other Iranian partner (Down and Maloney 2011).

Iran-China cooperation is not limited to trade and energy production and encompasses a variety of other spheres. The Chinese consumer products are well-spread in Iranian market. They range from electronics to car spare-parts and toys. Iran also receives a part of its capital goods from China. Iran's cooperation with China has also strong political and diplomatic dimensions. China's support for Iran's right to use peaceful nuclear technology and defiance of western sanctions in the zenith of Iran's tensions with the United States granted Iran the opportunity to pursue its idea of independence from the West. Iran and China have also common visions about the grand issues in international politics. Iran praises the Chinese economic development and China sees Iran a centre of gravity in the Middle East and an ancient civilisation. Beijing and Tehran both maintain negative views about the United States hegemonic position. From a Chinese perspective Iran is the only country in the Middle East that can prevent an all-out American hegemony in this region (Down and Maloney 2011).

In contrast to China, the countries of Southeast Asia have never been this much reliable for Iran when the issue of alliance building against the United States has been raised in Tehran. Southeast Asia has always looked at the United States as a global superpower that can contain the power and influence of China in its neighbourhood. Therefore, from a strategic perspective, Southeast Asians have few reasons to oppose the United States. This reality puts them in a more vulnerable position than China when resistance towards American pressures comes to the fore. This provides the basis for Iran to prioritise China over its Southeast Asian neighbours when establishing strategic partnerships is concerned.

Together with China's priority over Southeast Asia in Iran's strategic calculations, what further pushes this region to the margins of Iran's Look to the East policy is China's greater competition power in comparison with Southeast Asia. China-Southeast Asia relations has undergone many developments during the past two decades. The most important issue between China and the countries of Southeast Asia is Chinese military modernisation and increase in its activities in the South China Sea. Due to geographical proximity there are few international actors that are affected by China's rise like the Southeast Asian countries. A review of China-Southeast Asia relations reveals that from 1997 onwards a combination of political and economic concerns have shaped their relations (Ba 2003: 634). The most important concerns are those of ASEAN's competition capabilities *vis-à-vis* China in terms of the products final market prices. Such concerns have been intensified after the financial crisis in Southeast Asia at the end of 1990s and also China's accession to the World Trade Organization. All these make China and the countries of Southeast Asia rivals over access to markets and absorbing of foreign investments (Severino 2001). Despite all advantages of integration with China for Southeast Asia, the latter feels less capable to compete with China in reduction of the products market prices. With upgrading its efficiency China has managed to overcome the adverse impacts of the rise in labour wages and keep the production expenses low. However, the Southeast Asian producers have remained in production of labour-intensive products phase and are struggling to compete with China in upgrading their goods and producing commodities that have higher value-added (Drysdale 2012).

China-ASEAN competitions have been reflected in their interactions with Iran. At the height of Iran's Look to the East policy the amount and value of Iran's trade interactions with China was much more than that of Southeast Asian countries. While Iran's export to China was USD 2,051,320,534 in 2008, the value of Iranian exports to the Major Southeast Asian countries did not exceed USD 913,269,369. In the same year, Iranian import from China was USD 4,495,354,615 which was much more than imports from Southeast Asia with a value of USD 1,944,302,420. Such a difference can be observed in all years that Iran pursued the policy of Look to the East. The gap between Iran's trade interactions with China in comparison with Southeast Asia deepens even further after Iran undergoes heavier sanction pressures in 2011 and 2012. This supports the discussion about Chinese more enduring resistance towards the United States pressures compared with the Southeast Asian countries. In 2011 the value of Iran's export to china became six times and its imports from China slightly less than four times more than Southeast Asian countries. In 2012, Iranian export

to China valued 20 times more than that of Southeast Asia and its imports from China seven times more than Southeast Asia.

Even in the post-sanctions era and with the gradual removal of the legal and political constraints to expansion of ties between Iran and Southeast Asia after resolution of Iran's nuclear issue, a return to the pick of Iran-Southeast Asia cooperation is unlikely. Following the logic that Iran's relations with Southeast Asia is a dependent factor to Iran's relations with the great powers suggests that shifts in Iran-West relations from conflict to cooperation, though in modest degrees, does not bode well for a re-flourish of Iran's relations with Southeast Asia. The moderate government of Hassan Rouhani has a positive attitude towards cooperation with the western countries and pursues the same economic logic that characterised Rafsanjani and Khatami's foreign policies. This logic dictates *détente* with the West with the aim of attracting investments and gaining access to the most advanced technologies that are primarily western while maintaining positive and trade-based relations with the East with priority given to China and Russia. Therefore, the return of the heady days of Iran's cooperation with Southeast Asia is not on the horizon. Instead, Southeast Asia is expected to retain its traditional position in Iran's foreign relations as a region of medium importance that is best relevant to Iran's economic interests than being a political resort.

CONCLUSION

The literature on Iran's foreign policy has failed to address the issues pertaining to Iran-Southeast Asia relations to date. Despite this scholarly silence, Iran has experienced extensive relations with the countries of Southeast Asia. A review of the trend of relations reveals that from 2007 to 2011, the commercial and economic relations between Iran and each of Southeast Asian countries increased dramatically. However, this rise was not sustained and collapsed to the previous levels after 2011. The sudden rise in trade is a result of adopting the policy of Look to the East by Iran. This policy was meant to solidify economic relations with the East with the aim to, first find alternatives to the western partners, and second to win the political and diplomatic support of the eastern countries in the course of intensifying confrontation with the West. The Look to the East policy, showed some signs of success at the beginning and two Southeast Asian countries, Indonesia and Malaysia, refrained from fully cooperating with the United States to pressure Iran over its nuclear program. However, this cooperative stance did not last long. The United States' diplomatic initiatives

and the legal restrictions drawn by the United Nations Security Council resolutions, tied the hands of Southeast Asian countries to continue cooperating with Iran.

Together with the United States, China has also had a limiting impact on the scope of Iran-Southeast Asia relations. China's role in restricting Iran's relations with ASEAN members is two-fold. First, China is prioritised over countries of Southeast Asia in Iran's policy of Look to the East. China's possession of larger resources in comparison with its Southeast Asian neighbours and the similarity in strategic viewpoints between Iran and China, particularly when it comes to the global status of the United States, makes China a more reliable partner for Iran than countries of Southeast Asia. In contrast to the members of ASEAN which are pursuing a balance of power policy between China and the United States in their neighbourhood, China has shown a more independent posture against the United States global agenda-setting. Second, is about China-Southeast Asia competitions and China's more competitive power in terms of producing more affordable goods. These two factors have driven Iran to choose China over Southeast Asia when it comes to establishing durable partnerships.

Even resolution of Iran's nuclear issue does not coincide with actual restoration of expanded relations between Iran and Southeast Asia. The revival of the moderate and reform-inclined tide in the Iranian political spectrum with the presidency of Hassan Rouhani that maintains positive attitude towards cooperation with the West means that European partners gradually return to their position as the major providers of technology and sources of foreign investment for Iran. In this way, détente with the West puts Southeast Asia in its accustomed place in Iranian foreign relations as a region of medium significance and a second-tier trade partner rather than a political resort.

NOTES

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- ¹ In this article the relations between Iran and the largest countries of Southeast Asia are studied. These countries include Indonesia, Malaysia, Thailand, Singapore and Philippines.
- ² By "great powers" I refer to the greatest powers that impact the security-political equations of Southeast Asia. These include the United States and China. Since the stances and positions of the European powers are close to those of the United States with respect to Iran's nuclear program and containing Iran's influence in regions, the term "great powers" implies the European powers as well. The only great power that is intentionally put aside from analysis in the present research is Russia. The reason is that, compared with other great powers, Russian influence on the Southeast Asian dynamics is limited. Russia has also very limited impact on Iran's relations with the countries of Southeast Asia.
- ³ The data on Iran's trade with the Southeast Asian countries is taken from the website of the Iranian customs, accessible at: <http://www.irica.gov.ir/Portal/Home/Default.aspx?CategoryID=fd61187e-a080-4800-bb4b-0a3d0946cc10>

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