

Iran, TRACECA and the European Union Southern Gas Corridor Initiative in the Post-Sanctions Era

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Abstract

The geopolitical location of the Islamic Republic of Iran has made it a potential passage for transit of oil, natural gas, commercial products and passengers. This potential, however, has not been fulfilled due to U.S. policy of marginalizing Iran. With the resolution of the Iranian nuclear dispute, as a turning point in Iran's relations with the outer world, the question is "what are the implications of reduction of security considerations in Iran-EU relations and strengthening the Iranian development-oriented foreign policy for the two challenging initiatives of the Southern Gas Corridor and TRACECA?" In response we argue that: in medium term, the most important impediment to Iran's participation in the Southern Gas Corridor that is political will be removed but Iranian engagement in EU's TRACECA corridor will remain unchanged because of major infrastructural shortcomings. Iran can have an active participation in the Southern Gas Corridor.

Keywords: European Union, Iran, the post-sanctions era, interstate initiatives, TRACECA.

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(Received: 2 November 2014 Accepted: 14 March 2015)

Introduction

The seizure of the United States embassy in 1979 is interpreted in the Iranian political discourse as an incident which was the result of bitter historical experiences of Iran's relations with the United States such as the coup against the popular government of Mohammad Mosadegh as well as United States support for the despotic government of the Shah. The embassy takeover can be seen as a turning point for an era of hostility between Iran and the West particularly the United States. In the years following this incidence, United States policy vis-à-vis Iran has been one of marginalization, threatening and maximum weakening. Despite being located in a very strategic geography connecting two seas in the north and south, as a result of the continuous tensions and hostile U.S. policies, Iran has been unable to make use of its full potentials. Referral of the Iranian nuclear dossier to the United Nations Security Council played a decisive role in legalizing – or formalizing- the existing pressures and leverages against Iran.

In general, the quality of the West's relations with the regions surrounding Iran is very important with respect to formation of the political and economic regimes, advancement of the state-sponsored projects, building of infrastructural connections and the consequences that these matters have for Iran. The major question for us here is: how will resolution of the nuclear issue and continuation of the development – oriented foreign policy of Iran, affect the troubled European trans-regional energy transit initiatives? New opportunities that these developments bear for Iran will be addressed in due course.



The hypothesis posed in response to this question is: in light of a development-oriented foreign policy and with resolution of the nuclear issue the economic incentives can be placed ahead of negative political considerations; therefore the Southern Gas Corridor may be operationalized in medium and long terms. TRACECA, however, may not be impacted by such developments due to technical and economic reasons.

Geographically, the research includes Central Asia, the Caucasus, Caspian basin, South Caucasus and the Black Sea basin except for Russia. It also takes into account the Russian, European and American considerations. The research includes the interstate projects since the collapse of the Soviet Union, overlooking bilateral issues. Therefore in the present study, a brief overview of the principles, objectives and initiatives of the European Union will be presented and the impediments to further increase in efficiencies of these projects and initiatives will be counted. At the end, the impact of elimination of nuclear sanctions and continuation of the development-oriented foreign policy on weakening of these impediments will be studied with special reference to Iran's entrance into TRACECA and the Southern Gas Corridor.

I. Iran, Europe and the Caspian Region

There are four challenges in Iran–Europe relations: the alleged proliferation of weapons of mass destruction, the alleged support of terrorism, disruption of the Middle East peace process, and the unfavorable situation of human rights in Iran. The controversy over the Middle East peace process is primarily based on Iran's stances towards the essence of the Zionist regime of Israel. Iran's support for terrorism is also concerned with allegations of Iran's connection to Al-Qaida and its sponsorship of the resistance groups in Lebanon and Palestine (Moradi, 2006: 101-111). Despite these permanent sources of tension, the problems between Iran and the European Union are currently more about Iran's nuclear program and therefore

resolution of the nuclear talks will be a turning point in their relations. When security considerations prevail, Europe and the United States act in unison. For instance when the US announced Iran as a security threat, European economic considerations were pushed aside. The ill fate of the strategic Nabucco gas pipeline well illustrates the United States' role in the economic relations between Iran and Europe¹. The political tensions over Iran's nuclear program prevented the country from fulfilling its potentials to provide European Union with natural gas. Contrary to the previous Iranian security conditions and consensus among European countries and the US in considering Iran as a source of threat, the present de-securitized atmosphere have led to differences of opinion between Europe and the United States over Iran, which has made economic cooperation between Iran and the EU possible.

The nuclear issue had brought about tensions in Iran's relations with Europe. The combination of Iran's nuclear strategy from 2005 onwards until Hassan Rouhani's presidency had created an image of Iran as a threat to international peace and security. From December 2006 until June 2010, six resolutions were passed by the United Nations Security Council against Iran. The sanctions that followed provided legal frameworks for reducing trade with Iran. However, it is expected that with the agreement, some of the obstacles will be eliminated which paves the way for active participation of Iran in the Southern Gas Corridor and the TRACECA.

Unlike the Cold War era, today European Union's concerns include a vast array of subjects. With respect to its neighborhood policy², Europe seeks to get closer to these countries without giving them accession to the union. EU also pursues other important policies in its neighboring regions which includes preventing expansion of disputes and hostile actions against the EU; resolving present disputes and guaranteeing a sustainable peace; increasing political and economic cooperation; curbing immigration and human

trafficking to the European Union; preserving the security of European nationals living overseas and finally guaranteeing safe transit of energy³. The European Commission in the framework of the Eastern Partnership Initiative also introduces four major spheres of cooperation, which include: democracy, rule of law and stability, economic integration and energy cooperation as well as inter-population connections (Khaloozadeh, 2009).

II. EU plans and Measures in the Region

As mentioned earlier, our objective here is not to study bilateral relations but rather to examine regional and trans-regional plans like the rail lines and gas and oil transit pipelines. A brief introduction of European interstate initiatives and plans in the region in addition to examination of these plans serve as preludes to the major part of this paper that is the impediments and opportunities of these initiatives in the post nuclear deal era.

Technical assistances to the Commonwealth of Independent States: In July 1991, the European Commission launched a plan, which aimed to support and develop the Soviet Union's economy. Some years after the collapse of the Soviet Union, the plan was changed to "technical assistances to the community of commonwealth of independent states". The plan was seeking to help the remaining countries of the former Soviet Union – except those of Baltics- embark on amendments in their managerial, administrative, institutional and legal sectors. From 1992 onwards, 'establishment' in two levels of national and regional turned into the major instrument of the European Union to deal with the South Caucasian countries. In the regional level establishment was focused on TRACECA and INOGATE (Iussac, 2010: 610). The plan that was initiated in 1991 was replaced by the European Neighborhood and Partnership Program from 2007 to 2013 and changed into European Neighborhood Instrument in 2014. This final version is to be implemented from 2014 to 2020.

Transport Corridor Europe-Caucasus-Asia (TRACECA):

The main objective of TRACECA, which was initiated in May 1993 by the European Union member states and the Central Asian and Caucasian countries, is to connect the Black Sea to the Caucasus using modern transit and transportation systems. TRACECA supports political and economic independence of the former Soviet Union republics by enhancing their access to European and global markets through alternative transport routes, encouraging regional cooperation, betterment of investment atmosphere and connecting the TRACECA route to the trans-European networks (Dekanozishvili, 2004: 14).

Figure 1: The Map of TRACECA



Source: www.traceca.org.tr

TRACECA is a multimode transportation corridor developed for a better connection between Europe and Asia and advancement of transportation infrastructures. In this project all road, rail, sea and combinational modes of transportation are all in place.

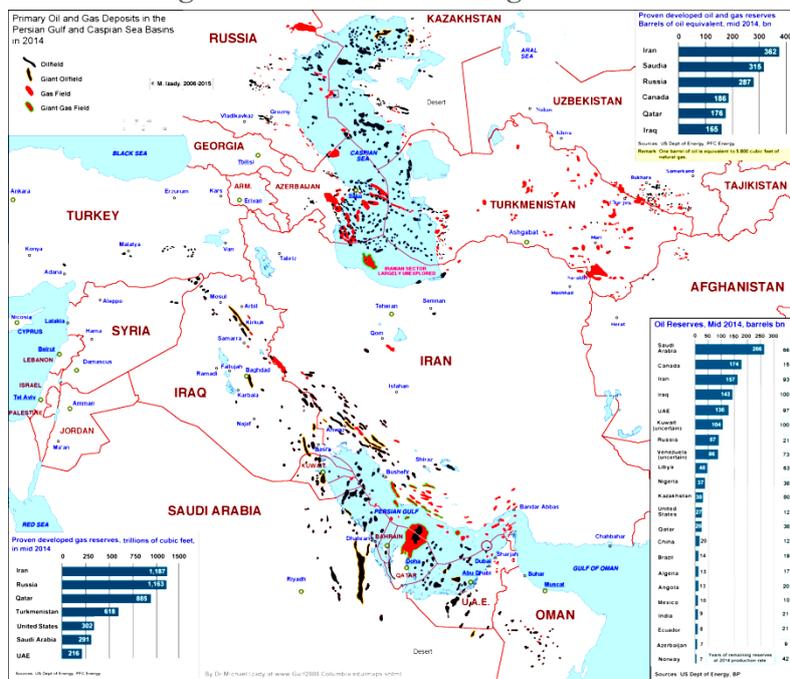
TRACECA and Road Transportation: In 2010, the number of trucks that departed to Central Asia, Afghanistan and Pakistan rose to 41099 among which 98 percent preferred the Turkish or Iranian routes over TRACECA (Ziadov, 2011: 33). Turkey has a considerable

capacity in road transportation but considering some obstacles that will be explained in length, road transport of TRACECA is of little interest without passing through Iran.

TRACECA and Rail Transport: The second type of transportation in TRACECA is the rail one that has two routes. The first is the Turkmenbashi route that starts with a land route from Batumi in Georgia and stretches to Azerbaijan; it connects from Azerbaijan to Turkmenistan by sea. From Turkmenistan the goods are loaded in trucks to reach Uzbekistan, Dostyk of Kazakhstan and finally China. The second is the Aktau TRACECA route. In this route the cargoes are loaded to the ships in Azerbaijan port and transferred to the Aktau port in Kazakhstan and thereafter directly to China by the Kazakh rail road (Islam, Zunder, Jackson, 2013: 51). TRACECA is currently consists of 13 countries including four Central Asian countries beside Turkmenistan, three Caucasian countries, Ukraine, Moldavia, Bulgaria, Romania and Turkey. Iran joined the organization in 2009 and signed the basic agreement, but from 2010 onwards due to exercise of the United Nations Security Council resolutions and the European Union, the technical assistances of the European countries were not materialized and therefore Iran's participation in the organization remained limited.

Southern Gas Corridor: the Caspian and Persian Gulf basins have stored huge gas and oil reserves. Natural gas is a major part of the European energy consumption and constitutes one fourth of its energy needs. Expansion of the fourth gas corridor has been among the EU's top priorities in recent years. Currently most of Europe's gas is provided through three gas corridors of north (Norway), east (Russia) and west (North Africa). The European Commission has devoted a considerable attention to establishment of the fourth corridor –Southern Gas Corridor- particularly after tensions with Ukraine. This corridor will deliver gas to Southeastern Europe, then Austria and other European countries.

Figure 2: North Iran oil and gas reserves



The sea bed drillings of the Shah Deniz in Azerbaijan, expansion of the gas refining factory in the Sangachal, expansion of the Italian gas transfer network and efforts for further connections to the Southeastern, central and western Europe networks are all underway under the general initiative of the Southern Gas Corridor⁴. European Union has also considered the TAP, ITGI, Nubboco and White Stream pipelines as the Southern Gas Corridor to complete its trans-European energy network.

Figure 3: The South Caucasus, Trans-Anatolian, Nubocco and TAP Pipelines



Source: the European Institute⁵

According to the British Petroleum data, Azerbaijan has only 0.9 trillion cubic meter of natural gas reserves. The same data indicates that the Iranian reserves are more than 33.8 trillion cubic meters and therefore Iran's exclusion from the Southern Gas Corridor will create problems for this project.

Table 1- The Proven Reserves, Production and Consumption of Gas-2013

Country	The proven gas reserves (thousand billion cubic meter per year)	Annual production (billion cubic meter per year)	Annual consumption (billion cubic meter per year)
Azerbaijan	0.9	16.2	8.6
Uzbekistan	1.1	55.2	45.2
Iran	33.8	166.6	162.2
Turkmenistan	17.5	62.3	22.3
Iraq	3.6	0.6	1.3
Kazakhstan	1.5	18.5	11.4
Europe			541 ⁶

Source: Clingendael International Energy Programme (CIEP) and British Petroleum Statistical (2014)⁷

Table 2- The Pipelines

Pipeline	Probable capacity (billion cubic meter per year)	The last condition
Trans-Caspian pipeline (the seabed Caspian part of the Southern Gas Corridor)	30	The pipeline will not take place until determination of the Caspian legal regime
South Caucasus (the Caucasian part of the BTE) The Caucasian part of the Southern Gas Corridor	25	Operational – probably under capacity (this pipeline is designed to be connected to the trans-Caspian line)
Trans-Anatolia NATAP (The Turkish part of the Southern Gas Corridor)	Can be extended to 60 in the long term	Under construction
Trans Adriatic TAP (the European part of the Southern Gas Corridor)	10 – 20	Under construction
Nubocco	31	Was terminated after the TAP project
Southern Stream	63	Was terminated
Turkish Stream	63	Only proposed
Peace	40	Is proposed and the pipes are laid to the Pakistan border
Trans Afghanistan TAPI	27	The pipes are not laid until 20 March 2015

III. Challenges

The Obstacles to the Southern Gas Corridor: One principle of the United States policy in the Caspian region is to deprive Iran from expansion of gas and oil transit networks to the neighboring countries. Therefore, the United States policies are the first and most important factor in reducing pace and speed of these transport lines. Hindering the development of Iran’s relations with the central Asian and Caucasus republics, preventing Iran from participation in gas and oil projects and effective support for energy transport networks, which bypass Iran have been among the most important measures of the United States⁸.

Due to imposed gas sanctions by the United States, Iran has faced many problems in developing its energy sector in the Persian Gulf. In the post-sanctions phase the country needs five to six years to develop its new pipelines and gas fields to become an integral component of the European energy supply and transit initiatives⁹. The European companies that left the country from 2005 onwards as

a result of sanctions imposition can now return and resume their activities in the post-sanctions conditions. In autumn 2015, the director general of the British Petroleum expressed the company's readiness to enter the Iranian market after the details of the sanctions lifting are clear¹⁰. Although the sanctions imposed by the United States and European Union led to termination of Nubocco and Iranian participation in the Southern Gas Corridor, Lisa Givert the speaker of the trans-Anatolian gas pipeline (the Turkish part of Nubocco and TAP) insisted that the doors for entrance and participation in the plan is open to new stakeholders including Iran¹¹.

The limitations to the hydrocarbon resources are also among the most important restrictions in designing and building the new pipeline to Europe. Azerbaijan has little gas resources to export. It was estimated that the country could provide 10 billion cubic meters of the Nubocco needed gas at most. With finalization of the trans-Adriatic pipeline instead of Nubocco, Azerbaijani gas will be transmitted via this pipeline. Furthermore, neither Uzbekistan nor Kazakhstan has the capacity for gas export to add it to the plans in short run. Iran as the major provider of the Southern Gas Pipeline is consuming the major part of its produced gas for domestic needs (162.2 billion cubic meters from 166.6 billion cubic meters according to the British Petroleum). The rate of development process of the gas fields particularly after intensification of sanctions is reduced and it will take some years to make for the losses and advance the development projects.

The third factor that slows the development of the southern Gas Corridor is the ambiguity in the legal regime of the Caspian Sea. According to the legal rules, founding of the infrastructures that cross the Caspian Sea is bound to resolution of the legal regime of the sea. This is particularly important with respect to transit of gas and oil of the eastern shore to the western one. The proposed trans-regional pipeline that is forecasted to transit a huge amount of gas -30 billion cubic meters that is equal to the whole Nabucco proposed pipeline –

from Turkmenbashi port to the Sangachal terminal in Azerbaijan can not only promote the Baku-Tbilisi-Arzroom line and provide more gas for Europe, it also diminishes the relative advantage of Iran to transport its neighboring countries gas through its soil.

Figure 4: The Trans-Caspian Pipeline from Turkmenbashi of Turkmenistan to the Azerbaijan Sangachal



Source: Natural Gas Europe¹²

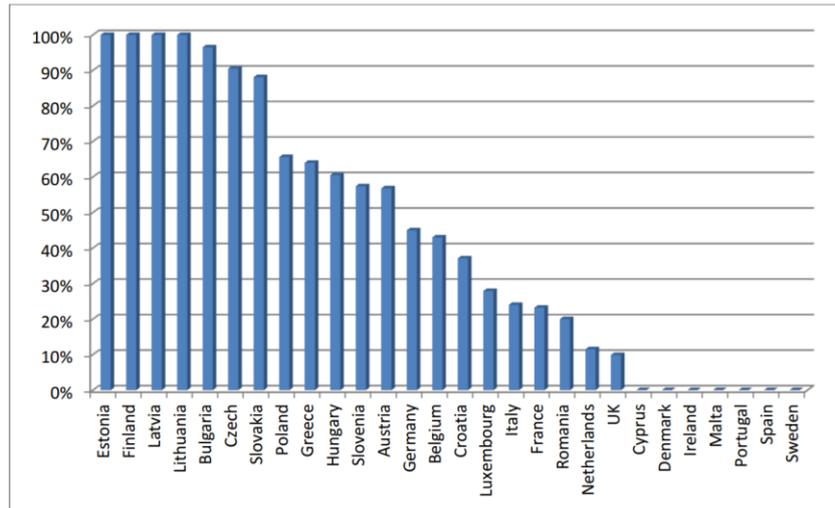
If this plan is implemented, not only Turkmenistan but also Uzbekistan and Kazakhstan can export their gas without passing through Iranian soil. Therefore, the resolution of the legal regime of the Caspian Sea removes an important obstacle standing against implementation of the inter-state gas and oil transit plans towards the European markets and also affects Iranian national interests.

Both Central Asia and Caucasus are in the Russian ‘near abroad’. Therefore, Russia is a major actor in the region and has a say in all gas transit plans. Since one of the most important objectives of TRACECA and the Southern Gas Corridor is to reduce Europe’s dependence to Russia, Russians have reacted negatively to such pipelines that diminish its influence over European countries. Russians have used energy as leverage even against their own allies. They support the South Stream and Turkish Stream paths because they pass through Russia and the Black Sea and provide alternatives to the Southern Gas Corridor. Soon after proposition of the Nubocco plan Russians visited Turkey and on August 6, 2009, proposed the South Stream pipeline passing through Turkey. This suggestion would impact both Nubocco and the Trans-Adriatic

Corridors. Both Nubocco and the South Stream were later abandoned and the TAP construction began¹³.

In spite of this, Europe is serious about its energy security and is decisive to diversify its energy resources and types of energy. This drives Europeans not to remain dependent to Russia in terms of their energy needs. That explains why any non-Russian plan will have Europe's support in future and this is an important opportunity for Iran in the post-sanctions era. About the necessity for the Southern Gas Corridor there is little consensus among the European member states. The French and Italian governments have shown discontent against the European Commission's support of the Nubocco pipeline. The French and Italian, as well as Greece, rather support the Turkey – Greece – Italy or the trans-Adriatic pipeline that delivers the Azerbaijan gas directly. Meanwhile, Italy is supportive of pipelines that are sourced and transported from Russia. Among European countries, some countries have pursued the policy of diversifying resources, suppliers and routs while others have opted for maintaining the sources as they are (Sartori, 2012: 8-14). This demonstrates that the European Union members do not have a consensus in terms of energy supply, the type of energy they need and energy resources.

Figure 5 – The Share of the Russian Gas in the Total Gas Consumption of European Union Member States for 2012 Based on the 2013 Data Provided by Gazprom and the British Petroleum



Source: Clingendael International Energy Programme¹⁴

The conflicts in the Middle East particularly that of Iraq and even insecurities in Afghanistan pose threats to the Southern Gas Corridor. The Afghanistan insecurities have an indirect impact on the Europe pipelines. The establishment of the TAPI that is among the most important Turkmenistan’s plans to transfer gas to Afghanistan, Pakistan and India has a direct relation to the political and security conditions in Afghanistan and Pakistan. Creation of new markets in east and southeast for the Turkmenistan gas reduces its capacity to participate in provision of Southern Gas Corridor. The TAPI pipeline has to pass through the province of Qandahar in Afghanistan that is adjacent to the Pakistani Quetta where Taliban has traditional military activities there. That is the reason why the development in TAPI is postponed¹⁵. Therefore it can be expected that by drawing the Iranian peace pipeline to Pakistan and termination of the proposed TAPI line, Turkmenistan will have to export its 27 billion cubic meters gas through other routes. Here Iran can be an option. To the contrary,

the establishment of TAPI will lead to termination of the peace pipeline on the one hand and leaves negative impact on the Iranian geopolitical advantages in transit of Turkmenistan gas to Europe on the other hand.

The security crisis in Iraq will also affect the long-term gas transfer plans to Europe. The country is now dealing with the problem of ISIS and therefore cannot use its immense gas resources. Although its proven gas reserves are four times bigger than Azerbaijan, its annual production is very low. Iraq was even considered as a potential Nubocco partner before being torn apart by the waves of instability.

Capacities, limitations and Impediments to TRACECA:

The infrastructural limitations are perhaps the most important obstacles to finalization of TRACECA. Some parts of the rail lines are already serving the most they can and in some parts the utmost speed of transportation is between 20 to 40 kilometers. The uncertainty about the time it takes for cargos to be delivered, the rise in the destination price that is above the market rates, high risk of damage inflicted to cargos, the low speed of transportation, the frequent passing of countries' borders, different regulations each country has and below-the-standard level of infrastructures are all factors that disrupt proper flow of goods. The cargoes delivery services are weak and suffers from lack of transparency. Overall, the studies conducted so far demonstrate that the TRACECA path is facing more problems in comparison with the alternatives like Trans – Siberia corridor¹⁶. These difficulties explain why the majority of the transportation in TRACECA is domestic despite its inter-state nature¹⁷. Moreover, the majority of the projects and initiatives for reviving and modernizing the infrastructures in the region are national rather than transnational. Some of these projects are designed to build new infrastructures and some are meant to strengthen the existing ones (Islam, Zunder, Jackson, 2013: 45 – 56).

Table 3: Alternative Routes from Istanbul to Dostyk (China Kazakhstan border)

Route	Distance
Istanbul, Kars, Akhalkalaki, Tbilisi, Baku, the caspian sea (shipping to) – Turkmenbashi, Ashgabat – Tashkent – Almati – Dostyk	6873
Istanbul, Kars, Akhalkalaki, Tbilisi, Baku, the caspian sea (shipping to) – Aktau, Ashgabat, Orsk, Dostyk	7089
Istanbul, Lake Van (sea transport to) Kapikoy, Tehran, Mashhad, Sarakhs, Tashkent, Almaty, Dostyk	7286

Source: (Ziadov, 2011)

Overall, the infrastructural impediments and obstacles are among the most important challenges to TRACECA. Iran joined the organization in 2009 and signed the basic agreement. Despite all benefits Iran’s presence can have for TRACECA, from 2010 onwards the European technical assistances have not been fulfilled due to the United Nations and European Union sanctions. Lifting sanctions can help redress the shortcomings in infrastructural establishments.

The Russian supported routes benefit from economic relative advantages compared with TRACECA. Russians support routes more in the north and the south in order for them to cross Russian lands¹⁸. The United States has pursued the policy of isolating Iran and has not shied away from any efforts to exclude Iran from all transport lines and energy resources. The United States has declared that it supports TRACECA provided that it does not include Iran. The United States has also endorsed some infrastructure building projects. It pursues an American silk road that encompasses five central Asian countries plus Afghanistan, Pakistan and India. This initiative is not limited to establishment of roads and includes bridges, electricity transit networks, rail networks and pipelines¹⁹.

The low efficiency of TRACECA is more dependent to economic considerations and weakness of infrastructures. This is in contrast to the Southern Gas Corridor that is impacted by political and geopolitical considerations. Therefore, despite providing some opportunities for Iran’s more active participation in short run, TRACECA’s long term appeal for Iran is bound to long term processes.

IV. The Impact on Iran

In March 2007 Hassan Rouhani, the current Iranian president and then representative of the supreme leader in the Supreme National Security Council, had stated: “in 1990 and 1991, the secretary of the Supreme Council of National Security had held many meeting and all ministers and security–defense officials as well as university elites were present in the sessions. The discussions were primarily over future of the strategic direction of the country; either to be preserve-oriented, growth-oriented or expansion–oriented.” He further added that although the discussions remained inconclusive then, the fact the Twenty Years Development Document was ratified in the 2000s demonstrates that the Expediency Council and Supreme leader have chosen development over alternative choices” (Center for Strategic Research of the Expediency Council, 2008). Development has been always an important matter among Iranian elites. With resolution of the Iranian nuclear dossier, constructive engagement with the world is better conceivable. The consequent establishment of commercial and political ties with the European Union raises the question over the fate of the challenging inter-state plans like the Southern Gas Corridor that transfer energy to Europe and what developments await TRACECA and what would be its implications for Iran.

According to Eurostat, from the total trade between China and 15 European countries that have the most extensive trade relations with this country, 62 percent is done through the sea, 23 percent by air, 9 percent by road and only 0.7 percent by rail. This shows that in medium and long run Iran should focus on expansion of roads and elimination of obstacles that make road transport difficult. In other words, Iran’s active participation in TRACECA, at least in short and medium terms, is dependent more on road rather than rail. Currently a part of the land transportation to Central Asia and Afghanistan passes through Iran and it is forecasted to increase considerably by removal of sanctions. Therefore improvement of transportation

infrastructures and promotion of coordination in the post sanctions era is of prime significance. This can be followed in the framework of Economic Cooperation Organization. This has been underlined for several times in ECO documents.

Table 4- The Modes of Transportation and Quantity of Trade Between Europe and China in Three Time-frames

Export to China	2006	2008	2010
EU27	21,441,020	26,165,257	32,763,233
Share EU 15	96.4%	96.3%	94.8%
Sea	19,111,954	24,619,995	30,964,818
Air	228,120	340,441	569,419
Rail	209,788	133,802	194,569
Road	1,328,491	984,050	981,353
Other	502,667	86,969	53,074
Import from China			
EU 27	59,785,557	67,184,012	53,586,490
Share EU 15	92.7%	90.3%	90.5%
Sea	50,805,154	59,297,255	47,669,628
Air	879,138	900,961	1,087,719
Rail	378,733	452,855	347,114
Road	3,172,514	3,119,978	3,138,398
Other	4,550,018	3,412,963	1,343,631
Total	81,226,577	93,389,269	86,349,723

Source: (Ziadov: 2011)

The Southern Gas Corridor: with respect to the Southern Gas Corridor, the situation is more complicated and there are more factors to take into account. A number of conditions diminish Iranian chance to participate in the Southern Gas Corridor; these include: granting the right to exploit the Shah Deniz gas field to the trans-Adriatic (TAP) line and termination of Nubocco project until further notice; the probable resolution of the issues pertaining to the Caspian Sea legal regime; the probable beginning of the trans-Afghanistan - TAPI pipe-lying. However, there are other matters that sustain Iranian chance to take part in the Southern Gas Corridor; namely removal of legal restrictions for Iran's participation (sanctions removal); Iraqi instabilities and its long standing consequences; limitations to the quantity of gas that the Shah Deniz field can provide; the possibility for increase in the gas transfer capacity of the trans Adriatic (TAP) pipeline; tensions in Russia-West relations and

Europe's more decisive bid to diversify its energy resources; Europe's further need to gas and the prospects for revival of the Nubocco pipeline in long term. The non-operationalization of the trans-Afghansiatan (TAPI) project can also add to the Turkmenistan willingness to transfer its gas to Europe via Iran.

In the post-sanctions era, in order to export its gas to Europe, Iran faces important challenges. Firstly, a hundred percent of the capacities of Trans Adriatic Pipeline is granted to Azerbaijan according to a 25 years old contract. This means that Iran's participation in the first phase is bound to Azerbaijan's abandoning of some of its share. The legal framework for transferring Iranian gas is unclear yet. Further measures to create more capacities in the pipeline are among these challenges. Applying sanctions on Iranian oil and gas sectors has contributed to the long term suspension of the related projects. Now and with the foreign investments after the agreement and expansion of Iran's capacities, it is expected that the country's strong engagement in these initiatives is welcomed. The chief of the Azerbaijan National Oil Company has expressed that: "after removal of sanctions, we are ready to sell part of our share in Trans Anatolian Pipeline". The Turkish Energy and Natural Resources Minister Taner Yildiz has also said that: "Iran can take part in Trans Anatolian Pipeline". Even the communication chief of the Trans Adriatic project, Lisa Givert, though without reference to Iran has said that TAP consortium is ready to accept new share-holders. With respect to the limitation of the Azerbaijan gas reserves and Europe's need for increase in gas transfer through the Southern Gas Corridor it can be expected that Iran's effective entrance to this initiative is considered by Europeans. More importantly the name of Iran is brought in the legal documents of the Southern Gas Corridor.

In the very important European document titled EU Energy Security and Solidarity Action Plan that is ratified in the year 2008 Iran is directly mentioned as a partner. The European Commission has illustrated in this document that: a corridor for use of the Caspian

and Middle Eastern gas should be established. These resources can meet the majority of the European needs. This is one of the most significant priorities of the European Union with respect to energy. Therefore the commission and the member states have to work with the countries that engage in this corridor particularly Azerbaijan, Turkmenistan and Iraq. In long run and when the political circumstances permit, other countries of the region like Uzbekistan and Iran should provide an important share of the corridor. With respect to the said evidences, it is expected that removal of sanctions and continuation of the development – oriented foreign policy, Iran play an active role in the Southern Gas Corridor.

Conclusion

Pursuing a revisionist foreign policy informed by the strategy of amending the world order is a wiser and more realist foreign policy choice compared with the strategies of confrontation and bandwagoning. This policy is compatible to the objectives of the 1979 revolution and also the principles of the development-oriented foreign policy. Iran's contemporary political landscape demonstrates that the grounds to follow such a policy are paved. Resolution of Iranian nuclear issue does not settle all problems between Iran and the West but terminates the most important leverage to sideline Iran and securities Iran's foreign relations including ties to the European Union. In other words, the reduction in significance of the security considerations in Iran–EU relations, desecuritization of Iran in the international community and removal of the legal instruments and frameworks to pressure Iran in the United Nations could prepare the grounds for Iran's entrance into the European inter-state plans. The many economic incentives to foster cooperation between Iran and Europe show that in light of a development-oriented foreign policy the economic motivations can prevail over political considerations. Although the technical and economic issues have hindered



advancement of the TRACECA transportation corridor, removal of sanctions, active participation in the TRACECA-related projects and making use of the European Union financial resources should be taken into account. Moreover, the energy security issues have influenced the development of the Southern Gas Corridor and this shows the degree of its significance for the European Union. The status of the Southern Gas Corridor is immensely dependent to political considerations. If such considerations are amended the role of Iran in the Southern Gas Corridor will be increased.

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Notes

1. Iran's participation in Nubocco turned into a complicated issue that drove the European countries not to make deals with Iran fearing American sanctions. This was in turn among the reasons for failure of Nubocco.
2. Based on the European Neighborhood Policy the European Union seeks expansion of cooperation with its eastern and southern neighbors.
3. Energy security and diversification of the energy transit routes has been of prime importance during the past decade for the European Union. The European Commission issued a document entitled "Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy." The new strategy proposed a new perspective and endorsed diversification of transit routes. According to the official data, European Union is presently importing 66 percent of its natural gas.
4. <http://www.tap-ag.com/the-pipeline/the-big-picture/southern-gas-corridor>.
5. <http://www.europeaninstitute.org/index.php/ei-blog/181-august-2013/1771-azerbaijan-chooses-tap-over-nabucco-to-provide-gas-pipeline-to-europe-88>.
6. in this year thirty percent of this amount was provided by Russia's Gazprom (Source: CIEP).
7. <http://www.clingendaelenergy.com/files.cfm?event=files.download&ui=9C1DEEC1-5254-00CF-FD03186604989704>.
8. Claiming Iran's five percent share from the Republic of Azerbaijan oil consortium, supporting the economically unjustified pipeline of Baku-Tbilisi-Cihan, proposing drawing the Trans Caspian Pipeline in 1996, supporting the TAPI pipeline that passes through Turkmenestan, Afghanistan, Pakistan and India, pressuring Pakistan not to implement the peace pipeline, suspension of the new 5000 kilometers pipeline that was meant to deliver Iran's gas to Europe through Turkey with an annual capacity of 35 billion cubic meter are all demonstrate this allegation.
9. In northern Iran there are huge reserves of natural gas. These sources are located one thousand meters below the surface. In addition to Iran's lack of sufficient extraction capacity, the main reason for them not being exploited is the ambiguity in the Caspian Sea legal regime.
10. Patrick Pouyanné the Chief Executive Officer of the French TOTAL underlined in March 2015 that his company is considering the swift return to Iran after the lifting of

sanctions. In June of this year the Executive Director of the French Shell expressed readiness for return to Iran after the complete elimination of sanctions.

11. Ronagh Abdollahyof chief of the Azerbaijan state oil company (SOCAR) had told earlier: if Iran will have gas in future it has no choice but to use the Trans Anatolian Pipeline to send gas to Europe (Naftnews.net).
12. <http://www.naturalgaseurope.com/trans-caspian-pipeline-feasibility>.
13. To solidify their domination over the gas and oil transit lines of the regions' countries and deprivation of other regional rivals, the Russians have processed around twenty five percent of the total investments in the field of energy in their neighborhood. The agreement of the year 2002 to buy the Turkmenistan gas for 25 years, encouraging the energy exporter countries to use Russian lands to transmit their energy and warning them not to use other paths out of Russia's control, transiting the Central Asian energy and signing 15 year agreement with Kazakhstan in 2002 to absorb its oil have been among these efforts (Sadeghi, 2012: 233 – 234).
14. <http://www.clingendaenergy.com/files.cfm?event=files.download&ui=9C1DEEC1-5254-00CF-FD03186604989704>.
15. <http://thediplomat.com/2015/03/a-breakthrough-on-the-tapi-pipeline/>.
16. TRACECA's rivals in road transport include the northern and southern paths passing through Russia and Iran.
17. For instance in the year 2010 Azerbaijan has only transferred 1.3 million tons of its total 21.7 million tons of its truck transferred cargo from Georgia's border. Studies demonstrate that the path that starts from Mediterranean and goes to China from Azerbaijan is one of the most unpredictable in terms of time. When there are no delays, the speed of transportation is estimated to be between 40.5 and 49.4 kilometers per hour. Considering the delays the speed reduces up to 16.1 kilometers per hour (Ziadov, 2011: 31 – 32).
18. The northern paths that the country support like the Trans Siberia rail road that connects the east of Russia to Moscow and from there to the European capitals in earliest times and also the trans caucasia routes that are begun from China and Kazakhstan before entering Russian soil and enter Russia from West of Kazakhstan have been posed as rivals to the central route (TRACECA). In parallel to the northern routes, Russia has supported a southern route named the Northern – Southern International Corridor that is connected to Bandar Abbas through the Rail and road lines and thereafter to India by ships.
19. In this plan, the resources of Central Asia are transported to South Asia. In addition to this the new American Silk Road has included two other projects that are CASA – 1000 and the TAPI pipeline.

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