

Japanese and Indian Energy Security towards Iran

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Abstract

Energy security is one of the relatively new terms in international relations literature which has become a subject of debate in recent years in academic and political circles. Efforts at achieving energy security not only enjoy a privileged place in the foreign policies of industrialized nations like Japan, but it has also entered the agendas of industrializing countries such as India. Both groups seek to provide the grounds for further safe and reliable access, to imported energy resources. Considering the energy security policies in the diplomatic apparatus of these two powerful Asian countries, this research intends to examine these policies towards Iran as one of the largest producers of crude oil in the world, which also possesses one of the globe's biggest natural gas reserves. We will examine what approach these two Asian countries have adopted in order to attain their energy security through Iran in the past decades and what impacts this has left on their economic and diplomatic relations with Iran. The author will seek to illuminate the role the structure of the international system plays in shaping the energy security strategies and policies pursued by these two states.

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Introduction

In a well known narrative the Indian Prime Minister Manmohan Singh has suggested that energy security is among the Indian government's top priorities, standing second after food security. It is also correct to claim that Japan's concerns in providing energy security are not less serious than those of India. When these two ancient Asian nations decided to proceed apace with the global development process, they learnt that the wheels of the development vehicle move with fuel which is difficult to find access to. The main problem arises when energy resources are abundant in many territories in this and other continents of the world to which the large Asian consumers lack easy access. Concerning Japan, although the country possesses huge coal reserves and this has been regarded for decades as the primary fuel for the country's growing industry, currently coal meets only 22% of the country's energy needs because of environmental pollution considerations. Because of international pressures in order to reduce its consumption of polluting fuels, India has also decreased coal consumption to 42% in recent years (EIA, June 2012). Coal is a fuel found abundantly in this country. It can be accessed with a relatively low cost and India is self sufficient in this regard.

Certainly Indians and the Japanese are not just concerned about the pollution of the environment and this does not constitute the only factor barring them from consuming coal. Modern industries and lifestyles have taken advantage of other fuels like crude oil and natural gas in recent decades and there is no choice but to use these resources for furthering industrial plans. In 2010, 42% of Japan's energy was provided by crude oil and 18% by natural gas. This is the case while



the country possesses almost no oil and gas resources. This rate in India in 2009 was respectively 24% for crude oil and 7% for natural gas (EIA, June 2012). Although India itself enjoys fossil energy reserves, given its rising economic growth in recent years, rapid higher rates of this consumption are taken for granted in the coming years. It should also be noted that since the mid-1990s, the country's oil and gas resources have not sufficed India's rising needs, placing the country on the list of energy importing states.

The pivotal question here is that although during the past decades particularly as a result of the 1970s oil shocks, Japan has sought to reduce its reliance on oil and gas through the use of alternative energies and has gained spectacular successes in this respect, the country still represents the third largest importer of crude oil in the world with 4.3 million barrels per day. By importing 33% of the liquefied gas available in the international energy markets, it is no surprise the country is the largest importer of this fuel worldwide. By importing 2.9 million barrels per day (b/d) oil, India is the fifth largest importer of the commodity. The volume of imported natural gas has reached 12.62 billion cubic meters, ranking it 17th in the world (CIA, 2010). In a nutshell, concern about achieving energy security in the first decades of the 21st century is undoubtedly one of the most important issues debated among Japanese and Indian politicians. Moreover, numerous strategies and plans have been designed and implemented in order to promote the countries' national interest and security with regard to access to energy in the coming years.

In the meantime, Iran is one of the countries that, has long had, extensive diplomatic and cultural ties with both Japan and India. The history of their economic interrelationships dates back to the heyday of the Silk Road. In the field of energy transactions, we have witnessed expanded exchanges and strong incentives for investment in various sectors of Iran's energy industry by Japan and India in recent decades. In 2011, Iran provided 9% of Japan's crude oil needs and 11% of India's. Tehran's possession of the second largest gas



reserves in the world, gives it ample potential for expanding economic cooperation in this sector, too.

Nonetheless, the characteristics of the structure of the international system on the one hand and the unique traits of government structures in these three countries on the other, have to date prevented the expansion of energy cooperation among these three Asia powers commensurate with latent capacity for provision of energy security, as would be expected. On this basis, examining the energy security policies of Japan and India towards Iran, this research will seek to study the reasons for the underdevelopment of energy collaboration between these two major Asian energy consumers and a large producer like Iran. In this relation, these countries' energy diplomacy will be studied within the broader framework of their foreign policy-making structure. Since both Japan and India have pursued a more cooperative attitude towards each other and powerful western nations and on the other hand they have paid special attention to Iran in their oil policies in order to attract this Asian country's consent for cooperation in exploration, production and sale of oil, it is necessary to assess the two countries' energy policies towards Iran. Undoubtedly, the study of their strategies and plans would play a crucial role in identifying future trends of international energy markets and in finding solutions for attaining the objectives and interests of each of the actors in this area.

Therefore, this study first seeks to describe what approaches to energy diplomacy Japan and India had followed during the Cold War era. Then it will be explained how the proximity of Iranian and Japanese political structures to the West bloc and India's closeness to the East bloc during the Cold War led Iran and Japan to become strategic allies in the period, though this alliance saw certain fluctuations after the advent of the Islamic Revolution. It will be also explained how India, due to its weak economic infrastructure and fundamental differences in its international attitudes towards Iran, failed to cooperate with the country in the Cold War period. Japanese



and Indian energy security approaches in the post-Cold War era and the impact of these new approaches on their relations with Iran within the new structure of the international system will be explored. Finally, the prospects ahead of Iran for enlarged energy cooperation with India and Japan will be assessed.

I- Cold War Energy Diplomacy

The end of the Cold War opened a new chapter in the history of Japan and India. Since then by the end of the Cold War era, these two countries followed separate paths in the international system's arena. Japan which lost the war came under U.S. military occupation, but India, the British crown jewel among its colonies, managed to attain independence after many decades of struggle. This led these two nations to pursue a different approach in the international arena. One of them adopted isolationism and passive diplomacy which was consistent with its history, traditions and political geography as an island apart from the Asian continent in the Pacific Ocean. The other one played a crucial role within the Non-Aligned Movement and readily engaged such great powers as China, Russia, the United States and Europe. This role was also compatible with India's traditional history as a place for the clash of ideas and beliefs as well as its geopolitical location, as it is located at the crossroads of great civilizations.

In economic terms, Japan's demilitarization and pursuit of the 'separation of economy from politics' diplomacy based on postwar Prime Minister Yoshida's doctrine (Fukushima, 1999, 164) provided the grounds for a rapid shift of capital from the military sector to the economic and industrial sectors in the country and changing the national motto from "powerful country, strong army" to "powerful country, strong economy" (Oldfather, 1996, 259). The previous militarist policies were put aside and gradually serious steps were taken between 1945 and 1989 at promoting growth and development in Japan and in the process, making it an economic giant.

India, however, was forced to adopt a militarist attitude towards its



neighbors since it achieved independence (Lapierre & Collins, 1975). Secession of the Muslim part of this large country at the time of independence and the establishment of a new country, Pakistan, led to widespread emigration of Hindus and Muslims in the first years after Indian independence, as well as to border disputes in Kashmir and East Pakistan. These resulted in three large-scale wars in 1947, 1965 and 1971 between India and Pakistan (Haqqani, 2005). Moreover, border disputes with China on its northern frontier led to a war between the two neighboring countries in 1962 (Sinha, Athale, Prasad, 1992) and made India further focus on enlarging its military capacity vis-à-vis the possibility of invasion by neighbors, thereby preventing it from attaining its development goals during the Cold War era. Therefore, since the process of industrial growth and modernization in Japan and India followed different paths, their energy security approaches also differed in this period. In those years, the entry of modern industries in Japan's economic landscape made the country reduce the consumption of coal and boost the reliance upon crude oil.

Japan's Oil Consumption: 1953-1970

Quantity	Percentage	Year
-----	17.7	1953
564000 b/d	37.7	1960
1.5 million b/d	58.4	1965
3.4 million b/d	70.8	1970

(Campbell, 1985, 134)

Since at that time, the major oil producers were the large oil companies known as the Seven Sisters monopolizing oil exploration and transportation technology, the Japanese did not have any choice but to rely on them for oil importation. The only salient case in which Japan managed to directly invest in oil resources beyond its borders was the conclusion of an agreement with Kuwait and Saudi Arabia for working in a neutral region between the two countries and the creation of the Arab Oil Company in 1958. Nineteen Seventy Three and the Seven Sisters continued to be the primary providers of fuel to the country's industries. Since the mid-1970s onwards following the



two oil shocks in 1973 and 1979, the Japanese attempted to pursue a new approach in their energy diplomacy. In this relation, efforts were made at reducing reliance upon energy transactions with the international oil companies, enabling the Japanese oil companies to engage in direct negotiations, conclusion of agreements, investment and transportation of energy from the energy producing countries. This stimulated the creation of a mutual link between the economic interests of the producing and consuming countries with a consequent framework of interdependence developing. The result of the adoption of this strategy was the increased presence of Japan in the oil-rich countries particularly in West Asia. Nonetheless, as the tensions receded and the provision of cheap oil in the international markets was made possible, the Japanese companies preferred to remove their capital from the region, handing the responsibility for the protection of the oil wells and establishment of security in the energy transit routes in the crisis-ridden West Asia region to its strategic ally, i.e. the United States.

Japan's Economic Ties with the Middle East

Japan's Imports	Japan's Exports	Year
12.4	3.3	1970
15.3	3.4	1971
14.9	4.1	1972
12.9	4.8	1973
25.6	6.6	1974
28.6	10.9	1975
28.9	10.8	1976
29	11	1977
26.2	11	1978
26.5	10.4	1979
31.7	11.1	1980
29.8	11.7	1981
28.6	12.2	1982
26.7	11.7	1983
24.2	8.4	1984
23.1	6.9	1985
14.6	4.7	1986
13.5	4	1987
10.5	3.6	1988
10.9	3.1	1989

(Japan Economic Institute, 1990)



In that same period, India followed another course of action. In spite of playing a critical role in the arena of the international system as one of the founding members of the Non-Aligned Movement, the Indian government's prime concern was to feed its huge population. Development plans largely focused upon the expansion of health and education as well as on autarky in agricultural production for securing domestic consumption. In the 1970s, which was regarded as the heyday of the Japanese industrial economy's prosperity, Indian Prime Minister Indira Gandhi pursued the *Garibi Hatao* (eradication of poverty) policy in order to save India's weak economy (Brass, 1995). Under such circumstances, the Indian policy-makers, despite possessing significant oil and gas resources in the Indian Subcontinent, neither had the capability nor felt the need to invest in this sector. Therefore, the use of coal in industries and traditional fuels like animal feces in domestic consumption, particularly in the villages, provided much of the country's needed energy.

With the coming of 1974 however, after large oil fields were explored in the Bombay continental shelf, gradually policies were implemented in order to attract foreign investors in enlarging the country's oil industry by the Oil and Gas Commission (History of ONGC, 2009). Oil companies, nevertheless, did not show much interest in working on those fields in the first years because of the insecurity of investment in the country. The problem was incrementally resolved with the Indian politicians' efforts at shifting their diplomacy from preserving the negative equilibrium towards the East and West blocs to a more positive but cautious international cooperation through concluding political and economic agreements and avoiding political extremism in adopting global stances on various issues. The gas that came out of the wells along with the crude oil was squandered by the mid-1980s and was not efficiently used due to the absence of needed technical machinery, as well as gas transit pipelines. Yet with extensive investments being made at the end of this period, this gas began to be used for providing domestic fuel.



The pattern dominating Japanese and Indian energy security systems during the Cold War era has been clearly manifested in their ties with Iran as the first producer of crude oil in West Asia as of 1908 and one of the largest exporters of this fossil fuel in the post-World War II period. Although formal relations between the states of Iran and Japan began in 1926 and for the first time Japan purchased 200 thousand tons of oil from the Anglo-Persian Oil Company in 1939, bilateral relations became tense during World War II. It was only with the conclusion of the San Francisco Pact in 1952 that a new chapter in Iran-Japan relations opened.

The most important event in bilateral relations in the first years was Japan's effort at breaking the oil embargo imposed on Iran by Great Britain following the nationalization of the oil industry in that country (Chiba, 1993: 146). Although the Japanese tanker failed to break the embargo and transport Iranian oil, this was a good beginning for the enlargement of bilateral relations, with Iran gradually becoming the largest provider of Japan's energy needs. Following the crisis between the Arabs and Israel leading to the 1973 war, the Japanese who tried to remain distant from the adverse consequences of these events and protect their energy security, increased their reliance on oil imports from Iran. Thus Iran became the biggest exporter of energy to Japan in the 1970s and more than 50% of oil shipped there through the Strait of Hormuz originated from Iranian oil wells (Odell, 1979: 146).

In the meantime, the role played by the structure governing the international system in shaping Iran-Japan relations could not be underestimated in this period (Campbell, 1985: 146). Both countries' belonging to the West bloc had provided a fertile ground for economic collaboration. When then U.S. President Richard Nixon declared his new policies in East Asia and the Persian Gulf he gave Japan the chance to contain communism in the region by expanding its economic relations with the Asian countries and helping them reach increased growth and development. He also bolstered Iran's



position by elevating the level of her cooperation with other western allies and considering Iran as one of the two pillars of security in the strategically significant Persian Gulf region. The enhanced cooperation between Iran and Japan in the period after the oil shock was best exemplified by the Japanese Mitsui Company's investment in operating Shahpour (later Imam Khomeini) Port petrochemicals within the framework of interdependence diplomacy (Takahashi, 1993, 89). In 1977, Japan was the biggest state investor in Iran, as the Japanese companies possessed 43% of the total foreign investments in Iran (Taghizadeh, December 1998 and Mahdavi, 1995: 424).

Although bilateral relations were still warm in the first months after the Islamic Revolution in Iran, the hostage-taking crisis and exacerbation of Iran-U.S. relations on the one hand and the outbreak of the 1980-1988 war between Iran and Iraq on the other, not only destroyed the petrochemicals project, which was 80% complete but also led Japan to seek a more reliable source for securing its needed energy. The start of the tankers' war during the Iran-Iraq conflict in the Persian Gulf and threats to the security of energy transit from the region also played a part in making this decision. Hence, although the Japanese made extensive efforts at establishing a ceasefire between Iran and Iraq, acting as a mediator in international organizations in order to restore peace in the region, Iran was only providing 5-6% of Japan's needed energy by the late 1980s (Nester, 1992: 223-224).

Iran-India relations, however, followed another course in the same period. If we put aside the historical links between Iranians and Indians and regard the presence of Indian workers and engineers in Iran's oil industry in the first years after the exploration of oil as arising from their service under the flag of the Anglo-Persian Oil Company in Iran's southern oil-rich regions, and just deal with bilateral relations in the contemporary age, we have to say that following the independence of India in 1947, diplomatic relations between the two states formally started in March 1950. At that time, although the Indians had adopted Dr. Mohammad Mossadegh's



negative equilibrium pattern for drafting the charter of the Non-Aligned Movement, making it their own guideline in foreign policy, the 1953 coup in Iran and the new alignments in international relations resulted in the divergence of the two countries. Iran had allied itself with the West bloc, whereas India opted for a Third World path. Visits by the heads of the states between the 1950s and 1970s also failed to break the ice in relations. Thus the construction of the oil refinery in Madras Port by Iran in this period was one of a very limited number of cooperation projects conducted between the two countries in the energy sector (Paraveen, 2006).

The advent of the Islamic Revolution did not help warm relations between the two nations. For India, a non-Muslim country which has the largest Muslim population in the world after Indonesia, the Islamic Revolution in Iran and the likelihood of strategic cooperation between Iran and Pakistan was seen as just another potential nightmare. Iran in the 1980s, nevertheless, joined the Non-Aligned Movement, showing its interest in expanding political and economic cooperation at the regional level. This represented a preface to the enlarged transactions between the two nations within the next decades. Hence, although Japan and India had followed two different approaches in energy ties with Iran in the Cold War era, ultimately at the end of this era, both of them were faced with a country that had undergone a revolutionary transformation in its political structure and now called for expanding relations, independent and beyond the Cold War era frameworks and alignments, with the Asian energy importing countries.

II- Post-Cold War Energy Diplomacy

The disintegration of the Soviet Union in late 1991 did not represent just the collapse of a large empire, but it affected all aspects of the structures governing the international system. Certainly the most important implication at the global level was the emergence of a new world system based on the uni-multipolar pattern, directly influencing



relations among the states. In fact, adherence to the old foreign policy patterns lost their relevance in many countries, forcing the states to revise their guiding principles according to the realities governing the newly constructed but still fluid world order. Japan and India were also affected by these changes and the diplomatic apparatus in both countries made utmost efforts at achieving a new definition of national security and interests in designing fresh strategies and tactics to adapt to the new conditions.

After Iraq invaded Kuwait in 1990 and the Persian Gulf war began, Japan which had called itself a civil power till then according to its Constitution, Article 9, and a firm proponent of neutrality, was accused by its western allies of failure to cooperate in playing a role for preserving collective security based on the new world order. Hence, Japan decided to put aside its traditional isolation and took on a more assertive role in the international system, one which would be more consistent with its status as an economic powerhouse. Fearing to approach either the East or West bloc, Indian politicians who had long ago adopted non-alignment tended to cooperate further with the great powers following Indira Gandhi's path. By pacifically shifting from their socialist economic framework to a capitalist system, India took further steps towards internal development and external adaptation with global trends.

Hence, with the spread of cultural, political and economic globalization and most importantly the globalization of the concept of security within the framework of collective cooperation among the various powers in a hierarchical power pyramid, granting any country a place proportionate to its potential and actual capabilities, India and Japan have made efforts at seeking out opportunities to play a role in this regard. This has meant that for the first time since the end of World War II, the attitudes of these two Asian powers coalesced towards the predominant international system in seeking out unprecedented coordination stimulated by a similarity of views. Both nations have agreed that in today's globalized world which has



become a small village because of communication technologies, not only the governing cultural and identity values have significantly been overshadowed by the global community, but also the intertwining economic links between the small and large powers have influenced the financial and economic prospect of the countries in such a way that there is no choice but to comply with the principles and rules governing the international political economy for securing the countries' national interests.

It seems as if the world which was, two decades ago, in such a condition where the human was the human's wolf as Hobbs said and there was fear of a global war between the superpowers (Hobbs, 2008), the world was currently passing through John Locke's description of a competitive world in which powers competed with each other according to their interests rather than fighting (Locke, 2008) and thereby proceeding towards a universal community portrayed in the context of 'permanent peace' envisaged by Emmanuel Kant (Korner, 1988). In such a world, competition is undermined, being replaced by cooperation for securing maximum interest. In fact, under such circumstances, growth and development of each of the countries would hinge upon the growth and development of other economic powers; hence every country in the broader international community will be either influential or influenced. Therefore, it can be argued that in the Brave New World (taken from Aldous Huxley's famous novel), not only the interests of states are intertwined, but also their security takes shape and is defined in an uninterrupted linkage with each other. This new version of the concept of security includes a wide spectrum, with military security being on one side and political-economic security on the other.

According to this outlook, following the events of September 11, 2001, India which used to boast of non-alignment, joined the international coalition for war on terror along with Japan. Moreover, it is within the context of new considerations of international security



that in spite of the discontent of a large segment of Indian intelligentsia, who still prefer traditional attitudes to the international system, fearing the loss of the country's political independence, Indian politicians accepted the U.S. and its western allies' military attack on Afghanistan and the presence of NATO forces in its neighborhood. The Japanese who also used to follow the doctrine of separation of politics and economy, now recognized the presence of alien military forces in Afghanistan as legitimate by sending military and civilian aid to the country along with the other great western powers, and even dispatched a non-combat contingent of their military forces to Iraq by presenting a new interpretation of their constitution (Muttaqien, July-September 1997).

Noteworthy here is that one of the major considerations for both countries in international partnership for establishing security has been efforts at protecting the security of production and transit of energy for furthering their economic growth. Indeed, from the viewpoint of Japanese and Indian politicians, their cooperation with international institutions and organizations, as well as with the other great powers can safeguard their access to the oil and gas resources in strategically important areas such as the Persian Gulf and guarantee the security of energy transit routes including the pipelines or tankers vis-à-vis the threat of terrorist attacks until they reach the consumer markets.

It can be said that after the Cold War ended, the Japanese made utmost efforts at reducing their dependence on imported fossil energy and creating greatly enhanced flexibility in international energy markets by diversifying the sources for securing their needs. It should be acknowledged that they have been successful to a large extent. Although oil continues to be the most important fuel used in the country, the degree of Japan's dependence on oil has declined from 80% in the 1970s to 42% in 2010. Nonetheless, more than 80% of Japan's imported oil comes from the Persian Gulf countries. Almost 27% of their imported natural gas which provides 18% of the



country's fuel mix is imported from the Persian Gulf region (EIA, June 2012).

Although India provides 66% of its fuel requirements from coal and animal dung, there are two points to take into consideration. First, around 70% of the country's imported oil comes from the Persian Gulf (EIA, June 2012) and second, given India's rising economic growth, the country apparently will become one of the largest importers of energy in the world in the foreseeable future. Efforts made to invest in oil and gas projects by Indian companies in different regions of the world illustrate India's concerns about securing its energy needs in the coming years.

Production and Consumption of Oil in India: 1990-2000 (Thousand Barrels Per Day)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Total Production*	674	629	593	568	639	754	735	764	755	747	740
Crude Oil Production	660	615	561	534	590	703	651	675	661	653	646
Consumption	1.168	1.190	1.275	1.311	1.431	1.575	1.681	1.765	1.844	1.959	1.990

* Including crude oil, liquefied natural gas, other condensates and refinery products (EIA, August 2010).

With the start of the 1990s, a new round of relations between Japan and India with Iran evolved. Since the early 1990s, the Japanese showed interest in investing in the reconstruction of Iran's oil-rich southern regions whose facilities had been badly degraded and even destroyed during the eight-year war with Iraq. Following the U.S. adoption of the Iran-Libya Sanctions Act (ILSA) in 1996, however, the degree of Japanese investments in Iran's oil and gas sector decreased in spite of Japanese politicians' criticism. In fact, although a number of Russian, French and Malaysian oil companies ignored the sanctions in this period, engaging in negotiations with the Iranian authorities, the special strategic relations between Japan and the



United States led the Japanese to no longer be prepared to even talk to the Iranians by 2000 (Von Der Mehden, May 2000).

As a result of the shift in Iranian foreign policy orientation, the initiation of the détente period and the establishment of relations with many countries of the world, Japan along with the other countries sought to provide the grounds for an investment and general economic presence of Japanese companies in Iran once again. Cooperation between Iran and Japan culminated in the conclusion of the agreement concerning investment in the Azadegan oil field. The Japanese even made known they would try to invite a number of American oil companies for partnership in this project (Japan Times, July 10, 2001).

The September 11th events and increasing pressures on the Muslim nations, however, slowed down the process of talks between the two countries. When U.S. President George W. Bush included Iran on his list of Axis of Evil in January 2002, this round of cooperation between Iran and Japan came to an end. Since then, although the Japanese signed the Azadegan agreement upon Iran's insistence, with the start of negotiations on Iran's nuclear program since 2003, the implementation of the agreement has actually stalled and no progress concerning the start of investment in this field has been forthcoming. In recent years, Japan has made continued cooperation subject to Iran's collaboration with the International Atomic Energy Agency (IAEA), criticizing Iranian policies respecting the production of military weapons and long-range missiles (Japan's Ministry of Foreign Affairs, July 2003). It is perhaps one of the rare cases in which Japan has shown sensitivity towards the weapons program of a country that is situated thousands of kilometers distant from Japan.

Although Iran has initiated extensive efforts at establishing strategic economic relations with Japan, Iran's encouragement for attracting Japanese companies, signing the Non-Proliferation Treaty, Iran's threat to leave Japan outside the Azadegan oil field project and



reducing Japan's 75% share to 10%--and even the threat of granting this agreement to Japan's archrival in political-economic area, namely China, none of this has made Japan refrain from its new position in foreign policy concerning cooperation with the western powers. Clearly, Japan's commitment to its international obligations has caused the state to change its attitude from bilateral cooperation with Iran to getting along with the global trend of safeguarding energy security. Hence a new pattern in the country's energy policies took shape; a pattern that goes beyond the mutual cooperation with the producing countries, defining energy security within a new framework.

Regarding Iran-India relations in this period, in 1993, for the first time after the Islamic Revolution in Iran, Narasimha Rao visited Iran, expanding diplomatic relations between the two sides. Interestingly enough, in this year India was forced to import oil from other countries in order to secure part of its needed energy, increasing its imports over the production of oil at home. Since then, Iran gradually became the supplier of 16% of India's imported oil; as such India became the third largest importer of oil from Iran after China and Japan. Today, almost 40% of Iran's refined product needs are imported from India (Christian Science Monitor, July 18, 2009). The Indian companies showed interest in cooperation and investment in a variety of energy projects between Iran and India including investment in the South Pars oil and gas fields, production of liquefied gas in the South Pars oil field, operation of Chabahar Terminal, exploitation of the Farzad oil field in the Persian Gulf and operation of Chennai Refinery in India. India, moreover, became a member of the international project of the South-North Corridor for transit of goods and energy between Russia and Central Asia on the one hand and the Persian Gulf and the Indian Ocean through Iran on the other.

Talks over the construction of gas pipelines through Pakistan (known as the Peace Pipeline) had already started in 1990 between the



two countries. Nonetheless, although a preliminary agreement was signed in 1995 between Iran and Pakistan and another agreement between Iran and India in 1999 for the construction of these pipelines (Dormandy & Desai, March 24, 2008), the plan for the pipelines was only drawn on paper and a decade later in 2009, India formally declared that it had refrained from partnership in this project due to financial and security reasons. The renouncement was made after a nuclear cooperation agreement was concluded between India and the United States. This time Iran's threats to replace China with India in the project did not work and perhaps the conclusion of the agreement for gas transit between India and Turkmenistan via Afghanistan in the summer 2010 was a response to U.S. pressures for avoiding cooperation with Iran on the one hand and Iran's positions in the international forums on the other.

In the meantime, along with Japan, voting against Iran in the International Atomic Energy Agency, India has revealed that it has not been too pleased about Iran's nuclear program. Of course, like Japan, India has frequently expressed its willingness to play a mediatory role in the resolution of disputes between Iran and the United States, but Iran-India economic relations particularly in the energy sector, have not caused India to refrain from advocating U.S. plans and resolutions against Iran at the IAEA or the United Nations. Besides, since 2010 Japan and India along with some other countries have tried to slowly reduce their energy imports from Iran, increasing the volume of imports of this strategic commodity from other regional countries allied with the western powers.

In a nutshell, an overview of Indian and Japanese energy ties with Iran in the post-Cold War years makes clear that these two countries have gone through two identical trends in their relations with Iran within the past two decades. In the 1990s, their seemingly lukewarm relations with Iran gradually evolved into a strategic cooperation especially in the energy sector. These collaborations were manifested in projects foreseen in Japan's partnership in the



exploitation of the Azadegan oil field and Indian investment in the South Pars gas field. The two nations since the early 2000s have, however, embarked on changing their cooperative approach towards Iran, gradually reducing their energy cooperation with the country. Their collaboration with the western powers in opposing Iran's nuclear program reduced their level of investments and energy purchases from Iran and their leaning towards other energy markets in recent years indicate the closeness of Japanese and Indian attitudes concerning the pursuit of their energy security policies as they relate to Iran.



Conclusion

The Japanese and Indians have never expressed concern for the establishment of liberal democratic values in other countries of the world in defining their foreign policy priorities and have made no pretense of doing so. When interests are at stake, it does not make any difference for the business-minded Japanese and Indian politician



with which country they have entered into commercial deals with. In the meantime, it is clear that leaving large projects in the Azadegan and South Pars gas fields or refraining from the construction of the gas pipelines, at first glance, do not fit into traditional Japanese interests within the aforementioned frameworks. Hence the advent of such phenomena reveals the rise of a new orientation in their foreign policy-making. Indeed, the Japanese and Indians today have found joining the bandwagon of the universal trend of support for western globalized values and patterns, an undeniable necessity.

As mentioned above, the attitudes of both Japan and India towards the question of safeguarding their energy security have been defined in an identical framework. That is to say that in order to secure their national interest in various spheres including energy, they prefer to contain themselves, complying with the rules of the game in a globalized international system rather than acting based on the principles of the free market in a competitive fashion and overtaking their rivals in this sphere. For this reason, Iran's oil embargo imposed by international organizations or great powers such as the European countries and the United States, not only is not considered as an opportunity for India's and Japan's preemption, but by accepting the rules of this new game, they are resorting to a wait and see policy. In such circumstances, it is no surprise if talks over the gas transit pipelines take two years and do not progress or Japan ignores investment in the Azadegan oil field. They have become obliged to the international system for safeguarding their security vis-à-vis other rivals and adversaries, i.e. China, so they cannot act outside this framework.

In a nutshell, by examining Japanese and Indian energy policies towards Iran, it can be well understood that the two nations are heavily influenced by the structure of the international system and global trends for protecting energy security and thus they do not independently enter into cooperation with Iran. In fact, it may be argued that the variable of energy cooperation with Iran for both



Japan and India is the one dependent on the overall security approach of the two countries within the new structure of collective security at the international system level.

Therefore, if Iran wishes to continue its look at the East policy in the foreign policy-making apparatus in political and economic areas, considering the replacement of the western powers with the Asian powers and expansion of relations with them, it should take note that continued cooperation with the Asian countries is not possible except within the framework of the order governing the structure of international relations. In fact, within the past decades particularly in the post-Cold War era, a new conceptual framework has taken shape among the political entities and a new discourse has come to govern such relations. Beyond this framework using a terminology separate from the terminology defined within the predominant discourse, it is impossible to negotiate and cooperate with the other nations. It is apparent that this will not include only the theoretical spheres and in practice in the area of international energy markets, protecting the status of each of the producers and consumers will hinge upon understanding the existing conditions and acceptance of the rules of this new game.

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