

## Iran's Growing Asian Footprint

The Islamic Republic of Iran presents US policy-makers with its most vital and vexing foreign policy challenge. Ever since the 1979 revolution that toppled a pro-US monarch in favor of a theocratic-authoritarian state inimical to US interests, American policy-makers and intelligence analysts have grappled to understand the nature of the Iranian state, the challenges it poses, and the motivations of its key decision-makers. What former President Ronald Reagan said more than two decades ago remains true today: "Iran occupies some of the most vital strategic geography on earth."

This vital "strategic geography" forms a land bridge between Asia and the Middle East, and maritime links between the Persian Gulf, the Arabian Sea, and the world's vital oil chokepoints, most notably the Straits of Hormuz and the Straits of Malacca. Far too often, Iran has solely been viewed within the prism of the Middle East alone, but the reality is that the Islamic Republic of Iran has global ambitions and deep and growing ties with many countries in the region. Iran's geo-economic profile is heavily Asian. Its most vital export - oil - goes predominantly to countries of the area. Crude oil revenues account for some 80% of Iran's hard currency earnings, and some 60% of all fiscal revenues. Without Asian buyers, Iran's Treasury would deplete rapidly. On the flip side, Persian Gulf regional unrest that could stem the flow of oil would dramatically slow Asia's growth prospects as Asian countries remain highly dependent on Middle East oil and gas.

Iran's oil and gas fields are on the decline, owing to poor management and sanctions. European energy majors have abandoned all investment in Iran. Chinese state-owned energy companies are the last majors standing that are willing to invest in Iran's oil and gas exploration and production. Indian oil and gas players have also demonstrated a willingness to buck the sanctions drive and explore Iran opportunities. Thus, two of the most vital countries in the region- India and China - remain vital to Iran's future. China is Iran's largest worldwide trade partner, and India is growing in stature.

Meanwhile, as pressure intensifies on Iran's favored regional trade hubs such as Dubai and Istanbul, more Iranian state-owned and private entities are seeking new commercial hubs in Malaysia, Hong Kong, and Singapore. Senior Iranian officials have talked of a "Look East" policy over the last decade, and have gradually deepened diplomatic and commercial ties across East Asia and the Pacific. While much of these ties are based on legitimate business, illicit trade and activity have been a hallmark of Iranian state-owned entities wherever they set up shop.

The Iran-North Korea relationship is also an area of concern to US policy-makers, particularly as Iran pursues a nuclear program that many independent outside observers view as aimed at developing a weapons program. The two sides have already engaged in military cooperation, particularly in the arena of ballistic missile development, and it has been reported that an oil trade also takes place between the

two countries. Meanwhile, Iran-South Korea ties are under strain owing to sanctions, but it remains a robust trading and commercial relationship.

Lastly, of course, Iran's sponsorship and alliances with global terror networks make it a relevant actor in the region as some of those actors remain committed to striking at US targets.

It is thus vital for the US intelligence, defense and business communities to understand the Islamic Republic of Iran's footprint in Asia, as well as develop a deeper understanding of the domestic and foreign policy drivers of the Iranian state.