

Iran, Japan Prepare for Post-Crash World

by Muriel Mirak-Weissbach

As the world veers toward a global financial and monetary breakdown, some cool heads are thinking in the direction, of what to do to survive the crash, and how to ensure orderly functioning of their economies. It is in this context, that the government of the Islamic Republic of Iran, has pursued an array of initiatives oriented toward rapidly developing relations with key nations in Asia. As Iranian President Seyyed Mohammad Khatami has put it, this means boosting ties with China and Japan, in particular.

Khatami launched his Asian policy, with a visit to China last June, during which far-reaching economic cooperation deals were signed. From Oct. 31 to Nov. 3, Khatami visited Japan, the first such visit of an Iranian head of state since 1958. In his meetings with Prime Minister Yoshiro Mori, Foreign Minister Yohei Kono, Minister of International Trade and Industry Takeo Hiranuma, the head of Japan's External Trade Organization (JETRO), businessmen, and others, he discussed means of expanding economic ties between the two nations, to their mutual benefit.

As Iranian Foreign Ministry spokesman Hamid-Reza Asefi said, the visit was "aimed mostly at giving variety to bilateral economic cooperation, accomplishing a transfer of technology, inviting Japanese investment in Iran, opening Japan's market for Iranian non-oil exports, activating both countries' private sectors, and planning long-term economic-industrial cooperation with Japan."

Oil-for-Technology Agreement Signed

The centerpiece of the talks, was an oil-for-technology agreement. The Iranian delegation, which included Foreign Minister Kamal Kharazmi and Oil Minister Bijan Namdar Zanganeh, concluded a deal, offering Japan extraordinary access to Iran's oil. Specifically, Iran offered Japan exclusive rights to drill in the Azadegan oil field, reputed to be one of the largest in the world. The Japanese daily *Yomiuri Shimbun* reported that the basic agreement had already been struck in preparation for the visit, giving Japan preferential rights to develop and tap the Azadegan field, near the Iraqi border. The field has an estimated 26 billion barrels of reserves and is expected to yield 300-400,000 barrels per day.

The Japanese are reportedly planning to "form a consortium of private and semi-governmental oil explorers, trading houses, and oil refiners, including Indonesian Petroleum

Ltd., which is 50% owned by the state-run Japan National Oil Corp.," according to the Iranian press agency, IRNA.

The terms of the agreement are, that Japan will extend \$3 billion (\$1 billion per year) in advance, for oil from Iran, and will have exclusive rights to negotiate the development of the Azadegan oil field. The deal was signed by Iranian Oil Minister Bijan Namdar Zanganeh and Japanese Minister of International Trade and Industry Hiranuma. The managing director at the Japanese Institute of Energy Economics, Kazuya Fujime, said, the upfront payment "is more like an initial bonus payment to keep Japan on course to develop Iranian oil."

The significance of the deal is great. Japan, which is utterly dependent on imports for its fuel requirements, is the world's second-largest oil importer, after the United States. It already imports 10% of its oil from Iran, its major supplier, and is Iran's largest trade partner. Bilateral trade stood at \$4 billion in 1999, and is sure to increase. This kind of agreement is precisely the sort of state-to-state deal, which Lyndon LaRouche has promoted, as a means of breaking the speculators' stranglehold on oil trade, stabilizing prices, and establishing orderly relations among oil producers and consumers.

More important even than securing steady supplies of oil, Japan thus gains the right to produce oil in another country, something it has been seeking since the end of World War II. Japan had had rights in Saudi Arabia, through its Arabian Oil Co., but lost them in February, perhaps due to outside pressures on the Gulf state. Now, it will gain this access in Azadegan; Japan is also said to be interested in the South Pars offshore gas field, the biggest in Iran.

In his talks with Japanese Minister of International Trade and Industry Hiranuma, Khatami discussed transforming current trade relations into "strategic cooperation in the field of the infrastructural sector of economy and technology." Japan's private sector is going to participate in Iran's Third Five-Year Development Plan (2000-05). The state-to-state oil deal, with its three-year initial phase, establishes a longer-term stable relationship between the two economies.

This kind of cooperation, whereby Japan will invest in technology to develop oil production inside Iran, and at the same time contribute to Iran's industrialization, is precisely what it had sought to do decades ago in the Persian Gulf. Forces associated with former U.S. Secretary of State Henry Kissinger, who were opposed to Japan's promotion of industrialization in that part of the world, moved in to sabotage it.

Japan will also extend 61.7 billion yen in trade insurance, for other Japanese projects in Iran, among them petrochemical projects. A loan for 7.5 billion yen (\$69.3 million) was finalized on Oct. 8, to help complete a hydroelectric dam. Iran is also seeking a new loan for a 770-kilometer rail line, which would link Mashhad, to the strategic point of Bafq, in central Iran, both of which lie on the Silk Road. Further financial aid is expected, to help Iran's efforts in fighting

drug-trafficking from Afghanistan. Finally, Japan pledged that it will help Iran develop small and medium-sized enterprises, as a way of providing jobs for Iran's unemployed.

Political Issues Also Discussed

During his visit, Khatami also discussed a broad range of political issues with the Japanese government leaders, ranging from the Middle East crisis, to Afghanistan and Central Asia. The talks were summarized in a 15-point "Statement for Mutual Cooperation in the 21st Century," signed at the conclusion of the visit. The statement says that the two leaders "shared the view that this visit constituted a turning point toward promoting dialogue and understanding in the international community as well as between the two countries." The Japanese side lauded Iran's progress toward reform, and the two called for more dialogue and cultural exchange.

On economic cooperation, they expressed their hope "that the private sector would play a more extended role in expanding the economic relationship." The Iranian side noted the importance of the cooperation which Japan has extended, and expressed its high expectation for Japan's continued contribution to various development programs in Iran, including the 'Third Five-Year Economic, Social, Cultural and Development Plan' and program for the industrial development, such as support for small and medium-sized enterprise policy."

The paragraph on oil, made explicit the fact that the two governments share a policy outlook which goes beyond bilateral concerns and specific agreements, to deal with world economic relations. "Both sides confirmed the importance of stability of the world oil market and of Iran's role as a major and stable oil supplier for sustainable growth of the world economy at large, and for recovery of the Asian economy in particular. In this regard, considering that the favorable relations between the two countries were to be established in the development of oil and gas fields in Iran such as Azadegan oil field, [the two sides] concurred in the importance of Iran's stable oil supply capacity, the stable export-import relationship, including the facilitation of oil trade through such flexible measures as advance facility . . . and the promotion of dialogue and cooperation between the two countries in this respect. Both sides also emphasized the significance of deepening mutual understanding between oil-producing and -consuming countries based on just and mutual interests, which is conducive to a stable international oil market."

The document also said that the two sides concurred about the danger of drugs and terrorism, as well as of weapons of mass destruction. The two sides "expressed their deep regret on the loss of the lives of innocent people in the clashes in the West Bank and Gaza, and condemned the provocations, the violence, and the excessive use of arms against civilians." They reaffirmed the need for lasting peace.

They also addressed the Afghan crisis, and "reaffirmed their shared intention to actively engage in the peace efforts by the international community."

Dialogue Among Civilizations

As on all his foreign visits, President Khatami laid special emphasis on the "Dialogue Among Civilizations," a proposal he had presented to the United Nations General Assembly, which has been adopted for the year 2001. On his arrival in Japan, Khatami was told by Japanese Foreign Minister Kono that evidence had emerged of long-term contacts between the two cultures. Based on the discovery of hand-made objects found in Japan's ancient capital of Nara, Kono said that it could be ascertained that the two peoples had had trade ties 1,200 years ago. The artefacts in question include Persian glassware and musical instruments. Kono said, "This is proof that cultural dialogue existed between the two countries a long time ago."

Japanese Prime Minister Mori, speaking at a luncheon hosted by his guests on Nov. 1, noted that the ancient Silk Road, which joined Asia to the West, has been revived in the framework of the proposal for a Dialogue among Civilizations. Khatami assented, saying that the "influence of such factors as the Silk Road in contributing toward the development of the two countries' potentials, all-out relations, and thriving interchanges in the past and, hopefully, in the future should not be underestimated."

In an address to a group of academics at the Tokyo Institute of Technology, Khatami highlighted several moments in history, in which such a dialogue among civilizations has flourished. First, he referenced the influence of Chinese culture on Japan after the Eighth Century, and compared it to the experience of Iran. "Indeed, we can say that the mythological elements of our culture have an eastern origin, while the philosophical components of our thoughts have Iranian, Greek, and Islamic roots." This, too, he asserted, is the experience of the "Western world," which "owes its religious spirituality to Asia, which cradled the major world religions, namely, Judaism, Christianity, and Islam." Furthermore, "In the course of several centuries, Muslims translated much of the Greek philosophy and interpreted it in a way consistent with the principal notions of their own beliefs and mentality. In turn, the Western thinkers gained access to Greek philosophy through the Muslim works." Finally, "The impact that Greek philosophy had on the Christian theology, alongside the inter-influence of the Islamic and Western philosophy and theology, brought forth a wide spectrum of philosophical notions among Muslim thinkers generally and Iranian thinkers particularly, on the one hand, and among the Western thinkers, on the other."

In dealing with the dialogue between Japanese and Iranian (Persian) culture, Khatami focussed on the similar ways in which the poetical traditions communicate philosophical ideas, through rich nature imagery.