

THE REPRESENTATION OF THE IMPACT OF GEOPOLITICAL STRATEGY ON CHALLENGES AND OPPORTUNITIES OF IRAN'S ECONOMIC RELATIONS WITH NEIGHBORING COUNTRIES: A CASE STUDY OF THE ISLAMIC REPUBLIC OF IRAN AND THE REPUBLIC OF AZERBAIJAN

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ABSTRACT

In the new international system, countries need creating strategy in economic, political, military and cultural dimensions and other dimensions for achieving their planned objectives regionally and globally. Islamic Republic of Iran as one of the countries of the Middle East and Caspian region is no exception. The Republic of Azerbaijan that is located at the northwest of Iran with over 700 kilometers of common border with Iran and having cultural and religious common point with Iran has an appropriate position for expanding relations with Iran. The present study has explored the relationship between geopolitical vacuums and geopolitical strategies in the economic relations between Iran and Azerbaijan. After exploring and analyzing data, it can be concluded that the lack of creating strategy based on geopolitical realities has played a role in creating vacuums or challenges between the two countries and the Islamic Republic of Iran has not followed geopolitical strategy. In addition to challenges, there are unique opportunities too for the Islamic Republic of Iran and these opportunities can be used for expanding relations between the two countries, if strategies in proportion to the geopolitical realities are created.

KEYWORDS: geopolitical strategy, geopolitical vacuum, economic relations

INTRODUCTION

For achieving planned objectives in line with providing development, security, welfare and a position of themselves, countries need creating different strategies in relation with their neighboring countries or even in the global level that may be manifested in economic, political, military and cultural forms or other forms (Azami, 2006: 120). The Islamic Republic of Iran as one of the countries in the Middle East has special conditions that can be pointed out as follow: Strategic position, having potential national power elements, having seven countries in land and the countries in the Persian Gulf as neighbors. After the dissolution of Soviet Union and the formation of new independent republics in the north of Iran, the aforementioned republics have tried to expand their relations with passage countries such as the Islamic Republic of Iran. Meanwhile the position of gateway Iran, compared with other competitors, has more advantages for the newly formed republics. Another important thing is the common cultural points between Iran and the region. Among the newly formed republics, the Republic of Azerbaijan has geographical proximity and historical and cultural bonds with Iran and therefore, there are appropriate backgrounds and abilities for relations between the two countries. Iran is one of the southern neighbors of Azerbaijan. The two counties have about 750 kilometers of common border. Both countries have common cultural and social values. After Iran, Azarnaijan is the second largest Shia country in terms of the percentage of Shias population.

The membership of both countries in regional organizations such as Organization of Islamic Cooperation and Economic Cooperation Organization is an important index that can bond the two countries and make them interdependent. In addition, the Caspian Sea and its geoeconomic importance also impact the strengthening of the economic bonds between the two countries. The present study explores whether Iran follows scientific strategy in its economic relations with the Republic of Azerbaijan. In this regard, the obstacles and vacuums of the expansion of economic relations between the two countries and the strategies that can create opportunities in strengthening the relations between the two countries are assessed. Thus, some of the economic indices impacting the economic relations between the two countries are shown (table 1).

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Table 1. The indices for exploring the economic strategy of the Islamic Republic of Iran in relation with the Republic of Azerbaijan

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|--|---------|---|---|--|----------------------------------|----------------------|------------------|----------|
| Creating appropriate conditions for transfer of the energy of the Caspian region through the south | Tourism | Transfer of the energy of the Caspian region through south (Iran) | The way of commercial activities of Iran the Republic of Azerbaijan | The intensification of sanctions on Iran | Customs and commercial obstacles | Commercial relations | Connecting Roads | Economic |
|--|---------|---|---|--|----------------------------------|----------------------|------------------|----------|

The method of the study

This study has been extracted from the PhD dissertation titled “The representation of geopolitical vacuum in creating geopolitical strategy of the Islamic Republic of Iran and the Republic of Azerbaijan” and has explored the problem with content analysis method and using library resources. Internet resources have also been used due to having new statistics and information.

The research question

- Do the Islamic Republic of Iran’s relations with the Republic of Azerbaijan in economic dimension follow geopolitical strategy?

The hypothesis of the study

The hypothesis of the study is that the Islamic Republic of Iran does not follow geopolitical strategy in relations with the Republic of Azerbaijan in economic dimension and it has geopolitical vacuum. And considering the existing opportunities, the economic factor can be effective in strategic unity of the two countries. Therefore, first, the economic challenges between the two countries have been assessed and then the opportunities by employing which some conditions can be created for the improvement of economic relations and reduction of challenges are considered.

Geopolitical vacuums or challenges are creating a situation for a government or a country based on fixed and geopolitical changing factors and influencing the policy of that country using geographical factors and variables (Hafeznia, 2011: 120).

Geopolitical strategy is the strategy and policy adopted by a country or an organization and an international coalition against the rivals for achieving national interests and objectives using geographical factors (Ibid: 122).

The results of the discussion

The geopolitical position of Islamic Republic of Iran

Iran as regional power with an area of 1648000 square kilometers is located at the southwest of the Asia and has access the three regions of Caspian, Persian Gulf and Indian Ocean and acts a transit path for other countries of the Caspian region. South west Asia is in fact the region between Asia, Europe and Africa and Iran is somehow being influenced by the events in these three continent as any cultural, economic, military, and political event or relation among these continents somehow impacts Iran. Also, Iran has a central position in relation to its neighbors. In fact, Iran as a country with high geopolitical ratio can have an effective role in all geopolitical domains and their functions and form the political process in these domains. One of Iran’s geopolitical domains is Caspian geopolitical domain that includes Iran, Turkmenistan, Kazakhstan, Azerbaijan and Russia (Rahim Safavi, 2002: 70).

After Russian Federation, Iran and China have record numbers of neighbors and Iranian governments can have a deep influence on its neighbors by understanding this geopolitical and geostrategic reality. Iran is dominant on Strait of Hormuz in the south which is one of the main strategic straits. About 10 million barrel of oil passes through this strait.

Also, considering the Iran's position and its control over 15 islands around the strait and having access to international waters, Iran can use this factor as a strong leverage in its foreign policy (Karimipour, 2000: 23-30).

The geopolitical position of the Republic of Azerbaijan

The republic of Azerbaijan with an area of 86600 square kilometers is located at the south of Caucasus Mountains and the north of river Aras and attached to the Caspian Sea. Caucasus and especially Azerbaijan attaches the Eastern Europe to Asia like a giant bridge geographically (Ezzati, 2011: 27). The geographical position of this republic and being on the paths of Europe and the borders of the Black Sea on one hand and Transoxiana and Transcaucasia on the other hand has created an appropriate background for economic progress of this region. This republic has faced multiple issues after independence; issues such as: the exclave of a part of this country (Nakhchivan Autonomous Republic), occupation of 20 percent of this country by the Armenians and military inability against them, the existence of sea and land borders and rivers has imposed an inappropriate combination against this country militarily and has made this country create special military and defense force in all of the aforementioned areas. The lack of access to international waters has made this country surrounded environmentally. On the other hand, the failure to determine the Caspian's legal regime and the lack of space and communication organization between the coastal countries of the region has imposed a kind of isolation and separation on the Republic of Azerbaijan (Seidi, 2009: 72-89).

Economic relations in the new international system

Economic relations are formed in extensive geographical domain in the new international system. Therefore, political units need economic diplomacy. The formation of economic diplomacy is based on the shortcomings of the traditional diplomacy for the implementation of foreign policy objectives and fulfilling the interests of the public and private players in the international domain (Sheikh Attar, 2006: 12).

The end of the Cold War created fundamental changes in the international system. Maybe it could be said that the main outcome of the end of the Cold War was the change in the place of economy inside countries at micro level and internationally at macro level. With the reduction of security requirements, economy gained a higher importance and its result was the change of foreign policy attitude of countries from security attitude to economic attitude. The importance of economic relations at this period was to an extent that the generations after the Cold War believed that the economic activities have priorities over political issues (Kissinger, 2004: 29-33). On the other hand, the process of globalization and the interdependence of countries have turned economy into an effective element in the relations between countries and its importance is continuously increasing (Tabatabaee, 2004: 140).

The economic and commercial relations between the Islamic Republic of Iran and the Republic of Azerbaijan

In the present international system the development and survival of countries is dependent on their level of cooperation, participation and convergence. The level and quality of this convergence is directly related to the geopolitical characteristics and political, economic and cultural capacities of the countries in a region (Razini, 2002: 11).

The commercial relations between Iran and Azerbaijan has had many ups and down and has not followed a continuous pattern under the political conditions of the regions and transregional decisions. Based on the information of the website of commercial unit of the Islamic Republic of Iran's embassy in Baku, the following points can be inferred by assessing the exports and imports of the Islamic Republic of Iran and the Republic of Azerbaijan from 2002 to 2012, a ten-year period:

- The main items exported from Iran to the Republic of Azerbaijan include fruits and food materials, clothes, nuts, plastic materials, kitchenware, porcelain and valves.
- The items imported to Iran from the Republic of Azerbaijan include iron, steel, iron rods, sawn wood, cotton seed and raw silver.
- The economic relations between the two countries have had ups and downs; for example, the lowest balance of trade between Iran and Azerbaijan is related to the year 2007 and the highest balance of trade is related to the year 2002.

In addition to the type of the commodities exchanged, one of the main factors in economic relations between countries is the volume of exchanges. The commercial partners of countries are determined based on the volume of the trades done between the two countries. Table 2 shows that among the countries of the Caspian region, only Turkmenistan considers Iran as one of its main commercial partners. The main commercial partners of the Islamic Republic of Iran are United Arab Emirates, European Union, India, China and South Korea. And the Republic of Azerbaijan has selected Russia, Germany, Turkey, China, the United States and Italy as its commercial partners.

Table (2) the main commercial partners of the countries in the Caspian region. Source: c

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|----------------------|---------------|------------------------|----------------------|----------------|
| Kazakhstan | Turkmenistan | Republic of Azerbaijan | Iran | Russia |
| China | United States | Russia | China | United States |
| Italy | Russia | Turkey | United Arab Emirates | France |
| France | China | Germany | India | Germany |
| Holland | Iran | China | Iraq | China |
| Russia | Azerbaijan | United States | Afghanistan | European Union |
| United States | Turkey | Ukraine | South Korea | United Kingdom |
| Germany | Ukraine | United Kingdom | Turkey | Italy |
| Ukraine | | Italy | | Japan |

The challenges of the economic relations between the Islamic Republic of Iran and the republic of Azerbaijan Iran and the Republic of Azerbaijan have many advantages for expanding economic relations. Both countries can share each other's sustainable development commercially and economically. Exploring the factors impacting the economic relations in the regional and transregional levels will be important in creating Iran's geopolitical strategy in relation with Azerbaijan. There are vacuums and opportunities in the economic relations of both countries that originate from constant and changing geopolitics and impact the strengthening or weakening these relations. These factors are assessed in two sections namely threats and opportunities

The obstacles that have created vacuum in the commercial relations between Iran and the republic of Azerbaijan include:

1. The importance of the roads

The quantity and quality of roads and connection paths are important aspects of today's human life and are considered to be among the parameters of the level of development in a region. And roads are the main means for sharing intellectual and cultural accomplishments among humans, in addition to being travelling paths and a basis for commercial and economic activities. The studies indicate that about eleven centers that include the centers of the counties and regions are located in the border of Iran and Azerbaijan and lack freeways and highways and most of these regions are connected to other parts of Iran through two-way paved roads.

The only railroad between the central Iran and the border regions is Tehran-Tabriz-Jolfa railroad that connects Iran to Nakhchivan. The Azerbaijan's railroad network is not connected to zero-point border of Iran and Astara and this has turned into an obstacle to the easiness of using this network for transporting Iranian commodities into the soil of Republic of Azerbaijan. If the Tehran-Rasht-Astara railroad is completed, the motivation of the Republic of Azerbaijan for constructing about 7 km of railroad for attaching its railroad to the zero-point border in Astara is increased. The completion of this railroad connects the central and southern parts of Iran to Astara and then to the countries along the Caspian Sea and Eastern Europe (News Network, 2012).

2. Commercial and customs problem

Customs and the decisions made in the entering points of countries have an important role in economic prosperity of the border regions and are effective in the facilitation of the commercial process between two countries. Reducing the commercial and customs obstacles between countries will result in convergence and reduction of threats. For example, according to the public and private sector officials in Ardabil province, the Bilesavar customs has not been able to play an effective role in recent years due to some shortcomings. Some of the factors in these shortcomings are as follow:

- Failure to follow the law and the lack of unit management in customs. Currently, due to the application of personal views in obtaining costs from passengers or merchants, disturbance in managerial system of the customs has happened and it creates shortcomings.

- The limitation on bringing more than five thousand US dollars, its outcomes and also fines have resulted in obstacle to commercial development.
- The facilities and infrastructure of customs being unacceptable; things such as appropriate storing. The commodities that enter customs are discharged with delay due to lack of enough equipment.

3. The intensification of sanctions against Iran

One of the problems between Iran and Azerbaijan that has impacted the commercial relations between Iran and the Republic of Azerbaijan is sanctions against Iran by the western powers. These sanctions have had multiple consequences for commercial activities in the border between Iran and Republic of Azerbaijan. These include the reduction of the value of Iranian Rial against Azerbaijani manat, the invalidity of the border passports of Pilevaran, the smuggling of necessary commodities and commodities having subsidies from Iran to the Republic of Azerbaijan. The reduction of the value of the Iranian Rial, especially during the past several years, has highly influenced the commercial exchanges of border regions in border markets.

The financial policies adopted in the financial policy of Iran, especially during Ahmadinejad's administration, resulted in the increase of the value of manat against Rial. Before this surge, the value of each Azerbaijani manat was equal to 8000 Iranian Rials but currently the value of each manat is equal to 40000 Rials. The outcome of this is the increase of travelling from the border cities of the Republic of Azerbaijan to the Iranian border cities especially Astara, Jolfa, Bileh Savar and Germe for purchasing basic needs as the increase of Azerbaijani's manat value has increased their purchasing powers and the residents of the border cities of Azerbaijan enter Iranian border cities for more purchase. In a field observation, one of the merchants of the Bileh Savar market that has border passport said that the business was good in the border market before the reduction of the value of Iranian Rial. The Azerbaijani businessmen were presenting their commodities in the Iranian markets and the Iranian businessmen were presenting their commodities and were purchasing the commodities required here, by travelling to Azerbaijan. With the increase of the sanctions, Iranian 45-km border passport was revoked by Azerbaijan and the value of Rial decreased sharply. Currently these markets are not prosperous and have become the market for purchasing basic commodities especially by the Azerbaijani's and the Iranian businessmen cannot enter the Republic of Azerbaijan without visa while the Azerbaijanis easily enter Iran without visa.

4. The Iranian merchants' way of activity

After the independence of the Republic of Azerbaijan, the Iranian merchants were able to enter the economic markets of this country and begin their commerce with this country. The inexperience of the Iranian merchants also impacted the formation of commercial obstacles between the two countries as at the early stage of the independence of the Republic of Azerbaijan, the high ranked Iranian merchants did not choose this republic for their activities. Second and third grade intermediaries went to the Republic of Azerbaijan for commerce. The lack of law in this republic added to the problem and many of these merchants failed and lost their assets (Beheshtipour, 2007).

5. Transference of the Caspian region's energy

Until before the independence of the countries of the central Asia and Caucasus, the energy of the region was transferred to different regions through pipelines. After the independence, these countries had the problem of transferring energy. The reason was that these transfer pipelines were old and had not been regulated for energy needs. Therefore the need for selecting new ways for transferring energy was felt for these countries (Kemp, 2004: 226).

In this regard, general paths were predicted for transferring Caspian's energy. In addition to northern paths (through the Black Sea and Russia), east (through China), west (through Turkey and the Black Sea to Europe), southeast (through Turkmenistan, Afghanistan, Pakistan's ports), one of the other paths for transferring the energy of this region is south. In this path, the transit of the Caspian region's energy passes through Iran. Considering the three factors of security, the path length and the cost of investment for constructing pipeline and transit line, Iran path is more attractive and cost effective than other paths (Yazdani, Melbosaf, 2008).

For achieving its economic interests for transferring Caspian's energy resources into the global markets, Iran faces regional obstacles and challenges. For example, economic-political weakness and instability and the lack of independence of the countries having energy in decision-makings on one hand and the US strategies of opposing Iran, the serious competition of Russia and Turkey with Iran in dominating the paths of transport of Caspian region's energy

and the foreign policies of the Islamic Republic of Iran has resulted in the proposing of other paths for transfer of Caspian Sea's energy and Iran has been deprived of benefiting from this advantage. This has made Iran facing some challenges and threats in relation with the transfer of energy of the Caspian region and strengthening of the economic relations between Iran and Azerbaijan.

The opportunities for economic relations between Iran and the Republic of Azerbaijan

1. Commercial relations

The Republic of Azerbaijan is a consumer country and has not been able to reach independence in producing internal products such as textile, home appliances, food products, car and its parts despite the efforts made while Iran has the potential to produce these commodities with good quality and appropriate price. Turning these potentialities into production by Iran will pave the way for commercial activities between the two countries more. In a field study that was done in the production centers along the road of Ardabil to Parsabad of Moghan and from Parsabad to Germe, it was seen that many of the production units are doing activity. Multiple production units such as poultry farming, sand and gravel production units, and agriculture and industry complexes exist in these centers along Ardabil to Parsabad border region path. The existence of production facilities means that there are conditions for creating the production centers for other commodities such as clothes, furniture and food industries. The existence of centers such as Moghan's Agriculture and industry and animal husbandry indicates the existence of potential agriculture conditions in this region. As the Moghan plain one of the four main plains in terms of agriculture in Iran, if advanced agricultural technology is used and traditional agriculture is turned into advanced agriculture, the conditions will be provided for increasing these centers and even the food products of the border cities of Azerbaijan can be provided, in addition to gaining self-sufficiency in producing agricultural products. In addition to creating employment and profit inside Iran, this action will increase economic dependence of the Republic of Azerbaijan, especially its border cities, to Iran.

The Aras Free Trade-Industrial Zone is one of the other opportunities for expanding economic relations between Iran and Azerbaijan too. This zone was one of the main order and customs regions of Iran since long time ago. The customs and Jolfa train station have been designed and created for doing customs affairs, storing, dismissing and transportation of three million tons of commodities in a year. In fact, the border city of Jolfa will be able to connect to the Ukraine and Black Sea ports through Nakhchivan, Yerevan and Tbilisi. If the plan to connect the railroads of Iran, Azerbaijan and Turkey through Jolfa- Nakhchivan- Kars is implemented, the Aras Free Zone will exit connection deadlock and will be able to connect to the ports of the Black Sea and European Markets through the north path (Valighizaseh, 2012).

2. Tourism

After Iraq, the Republic of Azerbaijan is the second largest country in terms of number of religious tourists entering Iran. Based on the statistics given by the Iranian cultural consul in Baku, nearly 2 million (1965840) individuals traveled to Iran from the Republic of Azerbaijan as tourists and most of them have travelled for religious tourism and benefiting from medical services. Due to Azerbaijan being neighbor with Iran and the existence of a long border with Iran, many tourists enter Iran from land borders and through Jolfa, Bileh Savar and Astara customs².

About one million Azeri tourists have entered Iran with the aim of medical treatment. Such a number of tourists can be used for creating income in different touristic sectors as entering of each foreign tourist into the target country creates 9 jobs. Overall, each medical tourist from the Republic of Azerbaijan entering Iran spends between 700 to 100 US dollars. Religious tourism is also one of the objectives for the travelling of Azerbaijanis into Iran especially to cities of Mashhad and Qom (Pak Aiin, 2013).

As the touristic relations between Iran and the Republic of Azerbaijan is more due to need, purchasing food materials and using medical services and Iran is considered as one of the destinations for medical tourism in the Middle east, this advantage should be used in relation with neighboring countries. Despite issues such as medical drug smuggling and spread of contagious diseases are among the medical tourism threats, medical tourism opportunity should be used as a factor for creating income by observing safety measures. This opportunity, in addition to increasing the income of the people in the north and northwest parts of Iran, can pave the way for the employment of young Iranian doctors outside

² For example, during the first 5 months of 2013, about 253,000 individuals entered Iran through Bileh Savar customs, 139,000 individuals entered Iran through Astara customs and 193,000 individuals entered Iran through Jolfa customs through land border from the Republic of Azerbaijan.

Iran. A high number of medical tourists mention the low medical costs and high quality of medical services as the main reasons for travelling to Iran and believe that medical costs in Iran is four to three times lower than the medical costs in the Republic of Azerbaijan. Also, drugs needed by the medical tourist are purchased with an appropriate price. Thus, Iran should use this opportunity.

3. Transferring energy lines from Iran

Any emphasis on creating and developing regional and international convergence based on energy interactions strategy is a capacity having priority in line with geopolitical characteristics and reinforcing security for the Islamic Republic of Iran. Thus, if Iran's strategy is opportunity-based, it can gain the incomes of energy projects and strengthen its political position among the neighboring countries and the countries in the region by participating in these projects.

Being located between the two regions of Caspian and the Persian Gulf that are considered as world energy poles, Iran has a special geopolitical importance. This position has given Iran a unique role geographically in transportation, commodity and service transfer through railroad and air between north and south and even east and west and also in transfer of energy. Azerbaijan needs Iran's land space for connecting to the central Asia and east Asia and for connecting to the Persian Gulf region and Oman Sea and consequently needs closeness and cooperation with Iran (Afzali, 2012).

This geopolitical position provides Iran with opportunities to play its historical and geopolitical role in the region and pave the way for transfer of energy resources with employing logical and principle-based diplomacy; and benefits from its relation with Azerbaijan at maximum level by creating effective economic regional groups, especially in the field of energy (Etaat, Nosrati, 2009).

4. Iran's position in international corridor plans

Participation in international projects results in the signing of bilateral and multilateral contracts in political, economic and social dimensions and the like and strengthens the relations between countries, especially Commonwealth Nations such as Iran and the Republic of Azerbaijan. International corridor plans (North–South Transport Corridor, TRACECA, West-East Transport Corridor) is one of the ways for strengthening international relations. For example, North–South Transport Corridor was established in September 12, 2000 in Saint Petersburg by Iran, Russia and India with the aim of international transportation cooperation among the members. This corridor connects Indian Ocean and the Persian Gulf to the Caspian Sea through Iran and then connects it to Saint Petersburg and northern Europe through Russia. This corridor has been expanded by accepting ten new members. One of the new members is the Republic of Azerbaijan. Development of transportation through railroad, road, sea, river and air and helping in the increase of the volume of international transpiration of commodities and passengers is a part of the aims of this corridor. Silk Road is also placed in this corridor. The Southeast Asia corridor starts from the Southeast Asia, passes through Indian subcontinent, enters Iranian territory from the southeast border through Mirjaveh, and finally exist Iranian territory through the northwest borders such as Bazargan, Razi and Khosravi in the borders with Turkey and Iraq and continues towards European territories and the Mediterranean Sea (Ports and Maritime Organization).

CONCLUSION

In exploring the study hypothesis that the relation between Iran and the Republic of Azerbaijan has geopolitical vacuum in the economic dimension, the findings indicate that Iran and Azerbaijan have challenges in their economic relation despite having long common borders. In exploring economic factors, it is seen that multiple factors are involved in this regard. The roads leading to the northwest of Iran and the border of Iran and the Republic of Azerbaijan lack freeway or highway. Also, the Iran's railroad that leads to the Republic of Nakhchivan has one line and this has resulted in the increase in the length of the path for transportation of goods and passengers and the Rasht-Astara railroad has not been constructed so far.

The facilities in the Jolfa, Astara and Bileh Savar customs are not enough for the high-volume trade between the two countries and has created problem for commercial exchanges. On the other hand the sanctions on Iran have resulted in the increase of Azerbaijani Manat against Rial, the revocation of the special 45-kilometer border passports of Iranian, reduction of income of the border market businessmen and increase of commodity smuggling. Most of these sanctions have impacted energy resources and exchange and bank activities in the country. The continuation of this trend will

reduce the economic power of the country and will increase political tensions regionally and transregionally. The limitations include the deprivation of Iran from using energy lines from Iran. Also, the two countries are not considered as each other's major commercial partners. This indicates the low level of commercial participation between the two countries and of course this does not mean the lack of commercial relations. However, these relations being limited can impact the relations between the two countries as a challenge and a vacuum.

Considering aforementioned points and in exploring the hypothesis, it should be said that there are appropriate economic opportunities for expanding economic relations between Iran and Azerbaijan such as: participation in agricultural productions and food industries. The Republic of Azerbaijan is a consumer country and has not achieved self-sufficiency in producing textile, home appliances and food industries despite the efforts made. And on the other hand, Iran has agriculture and industry centers, traditional and industrial animal husbandry facilities and other centers for production of food products and can meet some of the needs of the Republic of Azerbaijan, in addition to increasing its own production power, and thus can provide an appropriate opportunity for improving economic conditions and provide the Azerbaijanis with these goods with good quality and appropriate price. Turning these potentialities into production facilities by Iran will pave the way for commercial exchanges between the two countries more. Aras Free Trade-Industrial Zone is one of the opportunities for both countries. In addition to connecting Iran to surrounding countries due to the geopolitical position and the geopolitical weight of the northwest Iran, Aras zone can act as a connecting bridge for connecting other countries in the region and can adopt a transnational geopolitical-geopolitical role, due to common cultural points of this region with other countries such as the Republic of Azerbaijan. The comprehensive development of this region will have a significant role in the strengthening of the economic-cultural relations between the two countries.

Tourism in cultural and economic dimensions is one of the opportunities that minimize the challenges between the two countries. In this regard, religious and medical tourism together with the common linguistic points between the two countries are important factors in the improvement of Iran's economic condition. Reinforcing and expanding this invisible exportation is one of the ways for the improvement of the relations between the two countries and the strengthening of Iran's economic power, especially in northwest provinces.

The geopolitical and the geostrategic position of Iran is in a way that the energy of the Caspian region can be transferred to the intended destination through Iran and through the international waters in a short time and with low cost and high security. The use of this unique geopolitical position can provide an appropriate opportunity for reinforcing the economic relations between the two countries. On the other hand, any emphasis on creating and developing regional and international convergence on the pivot of energy interaction strategy is a capacity having priority in line with the geopolitical characteristics and reinforcing security of the Islamic Republic of Iran. Iran should use this opportunity and strengthen its political position among its neighbors and the countries of the region, in addition to making effort for economic development, by participating in energy projects.

International corridors plan is one of the ways for strengthening international relations. The geopolitical and geostrategic place of Iran in international transport corridors plan is significant. ((North-South Transport Corridor, TRACECA, West-East Transport Corridor). The implementation of these plans minimizes Iran's dependence on oil revenues and increases Iran's convergence at regional and transregional levels in the long run. As a part of these plans includes both Iran and the Republic of Azerbaijan, the Iranian elites should use the created opportunity in line with the national interest. Considering the aforementioned vacuums and opportunities, the development of tourism, development of free trade zone, Iran's geopolitical position and the potential possibilities of Iran's border region in terms of increase of production are among the opportunities that will be possible if futuristic economic strategy is created by political and economic elites. Currently factors such as the limitations of commercial participation from both countries, Iran's lack of benefiting the revenues resulted from the transfer of energy, customs issues and low level of road transportation standards in both countries can be vacuums and challenges. It seems that with passing of two decades from the independence of the Republic of Azerbaijan, the economic relations between the two countries is in a limited level, compared with Iran's relations with other countries, in a way that Iran and Azerbaijan are not considered as important commercial partners for each other despite having 700 km of common borders. Therefore, considering the aforementioned points regarding the economic relation between the two countries, the hypothesis of the study is

verified and Iran does not follow geopolitical strategy in its economic relations with the Republic of Azerbaijan and has geopolitical vacuum in this regard.

| The indices of exploring Iran's geopolitical strategy in relation with Azerbaijan in economic dimension | | | | | | | |
|---|---------|--|--|--|----------------------------------|----------------------|------------------|
| Creating an appropriate condition for transfer of Caspian region's energy from the south path | Tourism | Transfer of Caspian region's energy from the south path (Iran) | Iranian merchants' way of activity in the Republic of Azerbaijan | Intensification of the sanctions on Iran | Customs and commercial obstacles | Commercial relations | Connection roads |

■ Challenges of the economic relations of the Islamic Republic of Iran and the Republic of Azerbaijan

■ Opportunities of the economic relations of the Islamic Republic of Iran and the Republic of Azerbaijan

Suggestions

Using appropriate strategy and considering geopolitical position, the Islamic Republic of Iran can create appropriate opportunities for strengthening its economic relations with the Republic of Azerbaijan by reducing challenges; for example:

Common investment between the two countries in industrial sectors. This economic policy results in the investment of Iran and Azerbaijan in creating industries in each other's countries, especially in border regions. In such case, both countries can prepare the commodities that cannot produce in their own country, through investment in the neighboring country. Considering the Republic of Azerbaijan's efforts for achieving self-sufficiency, it still needs importation of internal products such as textile, home appliances and food products. Iran, with having agriculture and industry centers, traditional and industrial animal husbandry facilities and other centers for producing food products, can meet some of the needs of the Republic of Azerbaijan and provide them with these commodities with good quality and appropriate price, in addition to increasing its own producing power. Turning these potentialities into production facilities by Iran will increase the opportunity for commercial exchanges between the two countries.

The expanding of tourism as an important economic opportunity between the two countries. The touristic relations between the two countries should be expanded with continuous talking and facilitation of getting visa. The number of tourist coming from Azerbaijan to Iran is not favorable compared with the number of those from other countries. On the other hand, the number of the Iranian tourists going to the Republic of Azerbaijan is very low compared with those going to Turkey. In order to benefits from expanding commercial-economic relations of tourism, one of the Caspian coastal cities such as Anzali Port should be considered as a modern touristic-commercial-educational city and provide extensive facilities for entering of tourists. In this free zone, the custom taxes for the imported goods should be minimized in a way that the tourists of the south Caucasus region and especially the Republic of Azerbaijan that is close to Anzali are able to go to the northern parts of Iran for tourism, in addition to buying their commercial needs, by travelling a small distance instead of traveling to Dubai and Sharjah.

Efforts for a regional convergence. Iran should be after a regional convergence. In this convergence, there should be Turkey, Armenia and Iraq in addition to Azerbaijan and Iran and countries should be able to consider general facilities for each other and create opportunities for each other through passing laws in the form of a comprehensive plan.

Developing connection roads of Iran and the Republic of Azerbaijan through railroad and sea routes. The Caspian Sea is the second economic pole of Iran, after the Persian Gulf. Maritime and shipping industries as giant industries have an important role in the global economy and maritime activities are the source of income for many developing countries such as Iran. Commercial activity using shipping lines will increase the connection between the consumers and the exporters. For expanding the commercial relations between the two countries, the development of railroads is also important, in addition to the shipping lines. Completion of Rasht-Astara railroad, making Jolfa-tabriz railroad two ways and connecting the railroads of the Islamic Republic of Iran to the railroads

of the Republic of Azerbaijan, in the first stage, can expand the commercial relations between the two countries and the continuation of these lines can connect Iran to Europe and the Republic of Azerbaijan to the Oman Sea and Indian Ocean. In other words, railroad is the main transportation way in the economy of each country that can have the highest efficiency and cause the lowest level of damage to the environment, considering high speed and transportation power and low level of energy consumption.

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