

IRAN AND JAPAN RELATIONS IN A TRANSITIONAL WORLD ORDER

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Both the Japanese and Iranian foreign policies are under evolution. Given the changing global security environment, their foreign policy approach toward each other is continuously changing, and the Free and Open Indo-Pacific (FOIP) strategy is certainly one important factor that shapes Japanese foreign policy towards Iran as well as the Middle East. Iran, on its part, is strengthening its ties with China and North Korea which is concerning for Japan. This issue brief sheds light on the mutual perception and misperception of Iran and Japan towards each other and how they aim to navigate the difficult terrain to maintain a relationship. Japan has adopted a pragmatic orientation towards the Middle East, and Iran constitutes the core of this pragmatism even though Tokyo's foreign policy thinking is aligned with the American policy outlook on Iran.

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In the second half of the 19th century, Iran sought to establish diplomatic relations with Japan. Naser al-Din Shah Qajar, who wanted to reduce the influence of the Russian and British empires in Iran, sought to expand political and commercial relations with emerging powers. Therefore, when he stayed in St. Petersburg for a few days on his return from his second trip to Europe in 1878, he had an opportunity to meet with the Minister Plenipotentiary of Japan in Russia and the first secretary of that country's embassy. In that meeting, there was talk of establishing a relationship between Iran and Japan.

Diplomatic relations between Iran and Japan were finally established in 1929 during the reign of Reza Shah. The Japanese embassy was established in Tehran in August of that year, and a year later, in 1930, the Iranian embassy was opened in Tokyo. In 1939, the two countries also signed a friendship treaty.

After the Iran 1979 revolution, Japan announced its interest in expanding friendly relations with the new regime by sending a special representative to Iran. With the election of Hassan Rouhani to the presidency in 2013 and his efforts to normalize

Iran's relations with the international community, Shinzo Abe, the Japanese Prime Minister, sent his Special Envoy, Masahiko Komura, to Iran with a message.¹

After that, meetings between high-ranking officials of the two countries increased and expanded more with the signing of the nuclear agreement (JCPOA) in July 2015. With the withdrawal of the United States from the JCPOA on May 8, 2018, Japan, like the other five signatories of the nuclear agreement, officially expressed regret and immediately sent a delegation to Iran to explore cooperation between the two countries in the new conditions.²

More recently, Japan tried to reduce tensions between Iran and the U.S. during the Trump presidency and mediate between them. This could be Tehran's intended role for Tokyo, i.e. role-playing by the peace-oriented approach of Japan. In fact, Japan, having international credibility, can be effective in settling the issues related to the JCPOA and nuclear negotiations. Currently, Japan has presented a plan to resolve Iran's nuclear issue and start nuclear negotiations.³

It seems that this plan was a kind of mediation to revive the 5+1 format, which clearly Iran does not want at the moment. In addition to the differences between Iran and America, Europe and Russia over

Ukraine, America and China basically will not allow the revival of this format easily. The predictable format is Iran-U.S. negotiations with the presence of a mediator until the two sides reach a favorable road map at the right time.⁴

In relations between Iran and Japan from the very beginning, economic aspects have always been of special importance. On the one hand, Japan needs Iran's oil and market, and on the other hand, Iran has always considered Japan as a major market for selling oil and supplying industrial and technological goods.

Trade relations between the two countries show a strong increase especially since the first stage of crude oil price increase in 1973. For example, in 1967, the volume of trade between the two countries was only USD 605.8 million, of which USD 77 million were related to Japan's exports to Iran and USD 528.8 million were allocated to imports from Iran.⁵

In 1977, Japan exported goods worth USD 1.93 billion to Iran and in return imported USD 4.42 billion from Iran; thus, the volume of trade relations increased 10 times compared to 1967.⁶ After the 1979 Iranian revolution, the volume of trade between the two countries expanded significantly and reached USD 12.3 billion in 2006. Currently, due to American sanctions, the volume of trade relations is very small.

Japan has prioritized pragmatism and commercial values in its foreign policy in the Middle East, especially during the U.S.-led war on terrorism, and has tried to maintain relations with Iran despite the U.S. sanctions. Aikawa Kazutoshi, the former ambassador of Japan in Tehran, says that even after Japan's unsuccessful attempt to mediate between Iran and America and in the critical conditions of the Trump era, most Japanese companies remained in Iran. After the sanctions against Iran returned and became tougher, these two countries continued their relations.⁷

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The Energy Connect

In addition to trade and investment, Tokyo and Tehran are still connected through energy trade. Japan's vital interests in the stability of the Persian Gulf stem from the country's need for oil and gas resources and the centrality of Sea Lines of Communication (SLOCs) in the 'Free and Open Indo-Pacific (FOIP)' strategy.⁸

Despite the economic slowdown, Japan remains one of the largest energy buyers in the region, but the Persian Gulf is also where Japan's strategic limitations are painfully apparent. With the exception of a period apparently with the United States during the stabilization of Iraq in 2003, Japan has largely adopted a protectionist posture that has maintained engagement with as many regional actors as possible.⁹

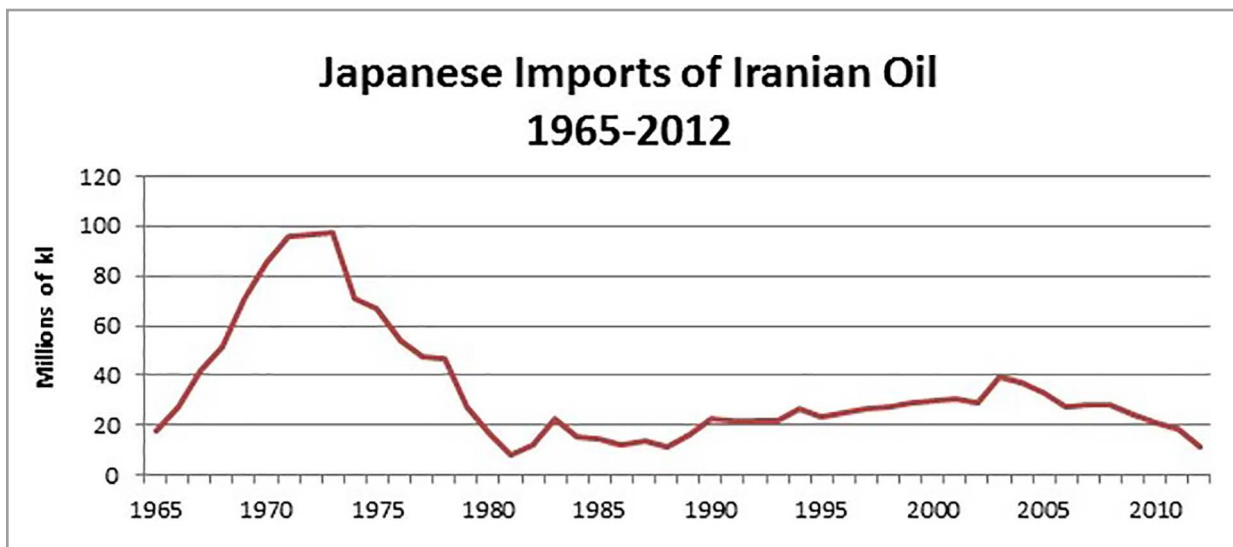
Japan is highly industrialized and increasingly reliant on imported oil. Since Russia's invasion of Ukraine in early 2022, Japan has become heavily dependent on the Persian Gulf for its oil, relying on the region for more than 95 percent of its supplies.¹⁰

Despite Japan's serious efforts to work towards a carbon-neutral society, the country remains heavily

dependent on oil, accounting for 36.3 percent of its total energy consumption in fiscal year 2021 (April 2021 to March 2022).¹¹

Iran was one of the two main sources of oil for Japan before the Iran 1979 revolution. After that, for more than three decades in the 20th century, Iran was still ranked third or fourth. The Fukushima nuclear disaster deepened Japan's need for oil and natural gas. Before the 2011 crisis, 54 nuclear reactors supplied about 30 percent of Japan's electricity needs. As of early 2013, safety concerns and public pressure kept all but two plants closed.¹²

In 2014, when about 80 percent of Japan's crude oil imports came from the Middle East, Iran had 5 percent of that share. This represented a huge fall as in 2003, Iran's share of Japan's oil imports was 16 percent. Before the Iran sanctions in 2006, Japan relied on Iran as one of its main sources of foreign energy. Even during the sanctions' era, the level of Japanese imports of Iranian oil remained significant—roughly 12 percent of total energy imports—until the Obama administration increased pressure on its allies to comply more strongly with the sanctions regime in 2012.¹³



Source: Garrett Nada, "Iran and Asia 2: Japan Is Torn, Oil Hungry But Anti-Nuke," United States Institute of Peace, January 30, 2014, <https://iranprimer.usip.org/blog/2014/jan/30/iran-and-asia-2-japan-torn-oil-hungry-anti-nuke>.

Accordingly, Japan is eager to resume the flow of energy imports from Iran, which were largely restricted as a result of U.S. secondary sanctions.

U.S. Factor in Iran-Japan Relations

Japan is a key ally for the United States and must manage delicate relations with Iran to ensure that it mitigates any criticism by Washington. Maintaining this balance between interests has been challenging for Japan-Iran relations in recent years.

As hedging theory suggests, this was the first instance of Japan taking a different path from its U.S. ally and trying to establish itself as an independent actor. Although Japan adopted a more pro-U.S. stance akin to bandwagoning (and even ‘checkbook diplomacy’ during the Gulf War to SDF deployment in Iraq in 2004), it nevertheless continues its efforts to convey to Iran the message that it is not completely aligned with the United States.¹⁴

After the nuclear agreement in 2015, this challenge became less for Japan. In fact, whenever the relationship between Iran and America is less tense, the relationship between Tokyo and Tehran has fewer obstacles.

Tokyo cannot be too comfortable with Tehran because of its close relations with Washington, which is much more important in terms of politics, economy, and security. Japan still relies on the U.S. military for its defense, and the U.S. is Japan’s second largest trading partner after China.

Based on the issue of nuclear non-proliferation and reducing tensions between Tehran and Washington, Tokyo tried to mediate between Iran and the United States during the Trump presidency. During this period, Shinzo Abe, the prime minister of Japan, made a trip to Iran, but the result of Tokyo’s diplomatic efforts did not come to fruition. In this trip, which was the first trip of a Japan prime minister to Iran after the 1979 revolution, he brought a message from Trump to Ayatollah

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Khamenei, the leader of Iran.¹⁵ Abe sought to use the trip to reassure Iran that Japan remains a reliable long-term friend and economic partner that wants to see the end of the U.S. economic sanctions regime against Iran as soon as possible. Abe also wanted to show Trump that their friendship has value in a global environment.¹⁶

The trip coincided with the drone attack on the Japanese-owned oil tanker MT Mercer Street in the Gulf of Oman, which exposed Japan’s reliance on critical strategic points such as the Strait of Hormuz.¹⁷ Despite Trump accusing Iran of involvement in this attack, Japan distanced itself from the American accusations of Iran’s role in quite a surprising and uncharacteristic fashion.¹⁸ Tokyo clearly wanted to keep itself in a neutral position in the middle of the tensions between America and Iran in the Persian Gulf.¹⁹

It is of vital interest for Japan to maintain a stable and uninterrupted flow of oil from the Persian Gulf region. Although the new interpretation of the constitution opens Tokyo’s hand to participate in collective defense plans at the international level, but despite this, Tokyo does not want to join the “U.S. wars” in the region against Iran.²⁰ Generally, Japan’s approach for the security of the Persian Gulf is to send naval ships when oil tankers are attacked, which was seen in 2019. Meanwhile, Tokyo has

refused to join the U.S.-led coalition. Promoting the vision of a “Free and Open Indo-Pacific” vision and “proactive contribution to peace” with a strong emphasis on maritime freedom of navigation through the Persian Gulf, Japan eventually decided to dispatch MSDF destroyers for information collection missions in 2020. However, the scope of the U.S.-led coalition’s Operation Sentinel reflects the tightrope Japan has long been walking.²¹

Japan’s approach towards Iran aims to prevent further isolation of Tehran in the region and economically to create a kind of mutual dependence between Tokyo and Tehran.

Iran’s Look to the East Policy

Under the Raisi administration, Iran has increased attention on its “Look to the East” Policy and alliances with eastern powers, including China, more seriously. The gradual elimination of the reformists from the power structure of Iran, the erosion of Iran’s middle class, and the increasing control of the Islamic Revolutionary Guard Corps over various levers of power in Iran has led to a decoupling from the West and liberal institutions, and instead a recalibration to the East and

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authoritarian governments, embodied particularly in Iran’s “Look to the East” foreign policy.²²

The erosion of the middle class also undermines proponents of a balanced foreign policy that prioritizes “Look to the West.” This can be seen in the intensification of the “Look to the East” policy by the Raisi government, including the emphasis on economic ties with China, and efforts to improve ties with Russia and achieve permanent membership in the Eurasian Economic Union.²³

Furthermore, the eastward foreign policy is the result of Iran’s view of the international order, which believes that the international polar has shifted from the West to the East such as China.²⁴ Ayatollah Khamenei, the leader of Iran, believes that in such a system, Iran should form an alliance with eastern powers such as China and Russia and benefit from the new order.²⁵

Based on this, Iran believes that the policy of “negative balance” in foreign policy in the new world order does not serve Iran’s interests, and “positive balance” and alliance with eastern powers can do so. Accordingly, Iran has signed a 25-year long-term cooperation document with China and intends to sign a similar document with Russia.²⁶

These developments are followed with concern by Tokyo. Because it sees this as not only indicating the wide influence of China in Iran, but also its increased influence in the Persian Gulf region, which threatens Japan’s interests. Japan’s security perception of the Persian Gulf stems from threats closer to the country, especially Iran’s relations with North Korea. During his 2016 travel to Iran, Abe asked Tehran to cut military ties with North Korea.²⁷ According to some estimates, 45 percent of North Korea’s trade from 1995 to 2004 was with Iran. According to some claims, parts of North Korea’s Hwasong-14 missile are similar to Iran’s space launch designs, which means that Iran has supplied missile technology to North Korea.²⁸ Therefore,

Japan's security challenges in its region from North Korea and China have shaped its understanding of the Persian Gulf security complex to some extent.

Japan's activities in the Persian Gulf are often not evaluated in terms of balance of power theories, although some believe that the idea of Japan-India maritime cooperation means that Japan has taken a step towards supporting the structure of the balance of power in the Indian Ocean. Japan is said to be bandwagoning with the U.S., particularly with its military deployments to support the stabilization mission in Iraq after 2003. This period appears to be an exception to Japan's historical efforts to hedge. Most of the existing literature on Japanese 'hedging' strategy has been in relation to China, with a focus on East Asia, Southeast Asia, and the Indo-Pacific vision. Japan's policies in the Persian Gulf have hardly been included in the broader debate about Japan's hedging.²⁹

While a growing sense of caution is emerging alongside China's growing influence in the Persian Gulf, this has yet to translate into full power balance policies. Moreover, Japan's on-off cooperation with India in the development of ports in third countries of the Persian Gulf and the increasing convergence of interests in critical sea lines of communications and maritime have not yet translated into concerted efforts to shape the Persian Gulf security complex.³⁰

Iran also has tried to create a delicate balance between powers such as China, Japan, and India. The International North-South Transport Corridor (INSTC) can be evaluated in this regard, according to which Iran also pursues its interests with India, even if it is not in China's interest.

Japan's Convergence with Western Plans in Asia

In recent years, Japan is present in all the strategic, economic, security, and political programs of the Western world for East Asia, and it is developing

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strategic relations with like-minded countries in response to China's challenge. Currently, Japan is a member of the 'Quad' (comprising Australia, India, Japan, and the United States) and some argue that Japan should become a member of the 'Five Eyes' group and a member of AUKUS.³¹

For instance, Japan and the United Kingdom have agreed to expand defense cooperation within the framework of the 'Global Combat Air' program. One of the main provisions of this agreement is the construction of a 6th generation fighter in the next few years, and Italy will also cooperate in this matter.³² This agreement took place after the visit of Fumio Kishida, the Japanese Prime Minister to the Philippines, during which Japan emphasized the expansion of military cooperation with the Philippines.³³

Japan has also signed a defense agreement with Australia. The deployment of aggressive warships in the seas around China is one of the main goals of this military cooperation.³⁴ Japan is also seeking to host the first NATO office in Asia.³⁵

Despite this, it should be kept in mind that these cooperations and strategies, which are applied both by the West and individually by Japan, and of course are based on solidarity and shared interests between Japan and the West over the common threat from

China, are only in the geographical area defined as the surrounding area of Japan (East and Southeast Asia).

Currently, Japan does not seem to have sufficient power and capacity and of course the necessary will to follow the security defense strategies governing East and South Asia beyond its surrounding areas. In other words, it does not seem that Japan wants to play a role in the security activism desired by the West in other regions, including West Asia and the Persian Gulf.³⁶

Conclusion

Japan's plans in Iran's security environment are generally based on economic plans, investment, and energy import from regional countries, and it continues its relations with all parties regardless of existing geopolitical tensions. However, Japan's efforts to become an 'honest broker' have not enabled it to garner influence to shape the evolving regional security structure, especially regarding Iran and the conflict in the Persian Gulf. Iran also does not consider Japan's strategies as a threat to itself. Because Japan is not a security actor in the Persian Gulf. Iran's main problem in relation to Japan can be China. Despite the fact that Japan and China closely monitor each other's actions in the region, they also dislike to enter in internal and regional conflicts. Even though there is certainly potential for competition over access to energy and resources and lucrative trade deals, Japan and China have so far shown restraint. With the lifting of sanctions and the opening of Iran's market to Japan, it will soon be clear how far Tehran can expand relations with Japan regardless of countries like China.

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