

## The Caspian Sea Journal

ISSN: 1578-7899

Volume 10, Issue 1, Supplement 3 (2016) 20-26

### Factors Affecting the Caspian, the Caspian to the Persian Gulf to Compare Islamic Republic of Iran

Davod Kiany, *Ph.D.*, Amir Talbian, *Ph.D.*

Assistant Professor, Institute for International Energy Studies

**ABSTRACT** — The Caspian Sea is one of the most important areas of the world, because of its geopolitical and economic position and the presence of vast oil and gas resources which add value to this area. The neighboring countries have not been able to take advantage of this situation and if some did profit, it was done privately. Some of these factors contributed to the convergence and divergence of the region. In this paper analyze the factors. It should be noted that these factors may change in the future. In discussions between the Caspian Sea and the Persian Gulf, factors such as cultural issues, geographical location, depth of sea, energy, and mining costs and international politics will be mentioned. This article also discusses oil and energy swaps evaluated for Iran.

#### Introduction

The term "convergence" has various definitions of which can be as follows: Integration is the process in which the political entities voluntarily exercise their full authority to achieve the common objective, no matter what has a supranational authority [1]. Integration is a process in which political players have several separate national units to prove their loyalties, political activities and their expectations towards a new center and the basis of the center have focused on the institutions of central or national governments which covers the existing national government [2] Regional cooperation is perhaps the most important type of economic cooperation, because the countries do not have all the factors of production and in this regard, they are facing limitations but their economic cooperation will create prosperity, wealth and power for their governments by achieving political and security goals, which are vital national goals and objectives that are also a great benefits.[3] Cooperation between the Caspian countries in all aspects of economic, political, security, etc., can play an important role and will be a critical role for the people of these countries. Under the cooperation of these countries is analyzed in various aspects.

#### Economic Cooperation

Islamic Republic of Iran proposed the establishment of the Caspian Economic Cooperation Organization. Not only for economic cooperation but other dimensions which these countries can cooperate such as political, economic, security, environment and also expansion in the fields of geology, oil and gas extraction, fisheries, economic development and industrial infrastructure, developing transport facilities and the positive effects of using the north-south pathway and access to the Persian Gulf coastal states of the Caspian Sea through Iran. Joint research projects and the development of cooperation between state institutions and private sector organizations and five Caspian neighbors can be seriously evaluated.

#### Regional institutions

One of the ways of economic cooperation, the establishment of regional institutions; having transport and communications as basis, as fundamental elements in the form of economic development. "Chambers of Commerce and Industry," "joint venture joint shipping", "airline", "Insurance Institute for Higher Education," " regional standardization of the Caspian Sea ", " Bank of trade and investment" may be elements of the their institutions.

#### Banking and money exchange

The development of international affiliations in many aspects of politically and socially, especially in terms of economic globalization, has led to the integration of banking systems and financial incentives. Consequently, the importance of accounting and management problems in the banking world and understanding these means is essential.

#### Joint market economy

The Caspian region is one of the ways of meeting of economic common market. In this regard, the border and the similarity of economic, language, ethnic factors affects the trade and economic relations between the countries. However, in a general sense the above-mentioned factors are under one concept of trade and economic relations between the countries.

#### Caspian Sea Economic Cooperation Council



Countries in the region, despite some points of divergence and differences in the range of common features and similarities, have much in common in terms of culture and religion. Caspian states are rentier states and often their income comes from energy exports. From the perspective of the political system, these countries with strict governments are ruled by different clans. These countries can provide in congresses. The cooperation of the countries in the Economic Cooperation Council discusses important issues such as: removal of customs barriers between its members, determine the common foreign trade tariffs, the development of the Caspian common market, common policies the fields of agriculture, industrial development and population communication, common rules and regulations, cooperation in oil and energy policies .... The minister continued.

#### **Common energy consortium**

Because of the unavailability of natural Hydro Carbon in this area and the common area, the countries can organize a common concession of energy and practically use these natural sources to cooperate in that area in the energy field which called an important move, this concession can act in production, mining, sales and technology. The consortium could in all fields of production, exploration, sales, and technology function properly.

#### **Fisheries**

The area is full of different types of fish and can provide a cooperation between these countries. Caspian countries attended a meeting that was held in Bandar Anzali, reseller fisheries went about to establish a percentage of fishing rights, but due to Russians representatives leaving the meeting, no commitment was signed.

#### **Formation of free economic zones**

The cooperation can also be formed by establishing and expanding industrial free zones which in this respect, multi-trading, free transfer of goods and services, capital and other elements of production can be laid down for this purpose and after that the Caspian Sea neighboring countries can play a very important role in expanding the international business for the area. Caspian Sea countries could have a much broader regional role in international economic transactions provided for this area.

#### **Agriculture**

Countries in the region have many commonalities that can provide the necessary assistance to agriculture in this area.

#### **Tourism**

The commute between the 5 countries could be a good ground for cultural and economic ties. In this context, it is possible to ease visa rules so people can easily travel. This can be profitable for the country.

#### **Cooperation Transport and Communications**

Expanding the sea and port transportation between the Caspian neighboring countries and reducing the laws and transport regulations for loading and unloading goods in the neighboring ports are being discussed in the convention. The Maritime transport sector cooperation between the coastal states of the Caspian Basin and Port facilitation and simplification of the provisions relating to loading and unloading of goods at the ports of the Caspian countries, the conference was the discussion and decisions.

#### **Security cooperation**

Maintaining peace and security of the Caspian waters can only be done with the cooperation of the neighboring countries and involving the foreign powers in this area. With the rise of new threats, terrorism, insecurity, extremism and drug trafficking in this area, the purpose of security cooperation to strengthen the connection between Member States to achieve a steady state within the state security agencies. One of these methods is military cooperation between the five Caspian countries. The Caspian coastal countries will work together in areas such as counter-terrorism and combating illegal arms transfers.[4]

#### **Cultural Cooperation of the Caspian Sea**

Sea neighboring countries they can establish an organization in the form of a cultural organization or institution. These cultural institutions can carry out an educational role in bringing the countries closer together, connecting them to their ancient cultural similarities. The people of these countries can exchange information and create a stable unity between these five countries in the form of books, monthly or seasonal Newsletters, and Brochures. Academics, teachers, students and experts from the Caspian region and can take the necessary measures to establish a closer and deeper relationship and understanding between the people of the region through cultural programs.

#### **Dispersity-conflict factors and challenges**

Many factors caused up to 5 factors and the neighboring Caspian countries can come together and act in different formats. These factors are examined below. These separators are partly historic and partly adventitious.

#### **Determine the regime of the Caspian Sea**

One problem with this area of the sea is not being able to determine a regime for these 5 neighboring countries and has so far remained unresolved with respect to the new developments after the collapse of proposed options regarding the legal regime of the sea.

#### **Regional and ethnic**

Countries in the region are affected by crises and ethnic and regional tensions. Some went to war like the Karabakh conflict, the Chechen crisis and the crisis in Georgia and the republics of South Ossetia and Ajaria Bokhara, between Turkey and Armenia, between Iran and Azerbaijan, between Turkmenistan and Azerbaijan. Which is part of the conflict?

#### **Drug convoy of region**

Drug convoys passing from the Caspian region have placed a negative impact on regional security, so that the international traffickers in the region and their dependence on extra-regional governments require permanent monitoring and spent vast resources to combat smugglers. According to the United Nations Drug Control Program, (UNDCP), the drug transit route in the Caspian region are:

- 1- Track Kazakhstan, Russia, Ukraine, Moldova, Turkey.
- 2- Route Uzbekistan, Turkmenistan, the Caspian Sea, Azerbaijan, Georgia, Turkey [5]

#### **Environmental issues**

The Caspian Sea, due to an increased risk of the seas, remains closed and vulnerable compared to the open sea. Widespread activities of oil extraction after the collapse of the former Soviet border, aggravate it. Chemical and petroleum contaminants play the main role in the pollution of the sea.

#### **Foreign influences abroad**

After the Cold War and the collapse of the Soviet Union, Israel and Europe were no longer under the umbrella of NATO and Warsaw but the US. Some foreign countries and international were under the influence of the United States and Israel, these countries cannot make common sense to think of common interest. Russia, China and Turkey and their presence in the region has led to a divergence and the separation between these countries is formed. Washington aims to put pressure on Russia, China and Iran and the environment of the countries in recent years, has made a major effort. "The most important aspects of US foreign policy in Central Asia since independence can inhibit the growth of Islamism and Islamist prevent, inhibit the Islamic Republic of Iran and Iran's complete siege of the north and east, contain and weaken Russia, China inhibition West Wing, access to the Caspian energy resources and to strengthen Israel's presence and influence in Central Asia as " [6]

#### **Nuclear weapons**

The transfer of nuclear technology has led to ecological potential crises related to nuclear raw materials and the inherent risks which can threaten peace and stability in Central Asia. Such an attitude leads to the trend towards global security system, especially in the field of nuclear disarmament.

#### **Influence of Israel**

Israel has got special attention to expansion of relations with the states of the Caspian Sea. Its efforts to find ways to influence the development of relations with this country is remarkable.

#### **Radical Islam**

After the collapse of the Soviet Union and the creation of the newly independent republics, there were new forces in Central Asia, which sought the establishment of an Islamic state, but the leaders of the republics wanted to develop democracy and the free market economy which coincided with Tajikistan conflict and Muslim republics in the development and progress.

#### **Comparison of the Persian Gulf and the Caspian Sea**

The Caspian Sea and the Persian Gulf, two important international waterways of the world, play a vital role in the transfer of energy to the world. They will be evaluated in various aspects.

#### **Geographical location**

Caspian Sea, the largest inland lake on Earth, and a closed sea, with 1204 kilometers length, average width of 320 km, and a circumference of 6500 km. The southern part of the country has 657 kilometers. From West to Azerbaijan, the length is 820 kilometers. From East to Kazakhstan with a coastal area of 1900 km, and 3220 km remaining belongs to Russia and Turkmenistan. A total area of 376000 square kilometers. Northern part of the sea which belongs Russia, is very shallow so that only half of the water in the northern quarter of the southern part of the sea are available in the very deep waters of the lake. This Caspian Sea is a closed and does not have a natural waterway, only through artificial canals on the river Volga, it is connected to the Black Sea.

Persian Gulf, has a waterway that runs along the Gulf of Oman which is between the Arabian Peninsula and Iran. With a total area of 237, 473 square kilometers, it is the world's third largest bay after the Gulf of Mexico and Hudson Bay. The Persian Gulf from the East through the Canal of Hormuz has a pathway to the Gulf of Oman to the Indian Ocean and the Arabian Sea, and from the West to the delta of Shatt Al-Arab River, as a result Tigris and Euphrates Rivers join the Karun River to the ends. The northern coast of the Persian Gulf are all in the political geography of Iran. To the north of Iran, Kuwait and Iraq with the West and to the south by Saudi Arabia, Bahrain, Qatar and United Arabic Emirates, and Oman are its neighbors. It covers an area of 240,000 km, and is after the Gulf of Mexico and Hudson Bay the third largest Gulf. The Persian Gulf and Oman Sea by the Canal of Hormuz, are linked through the high seas. Iran, is the most common sea border among the Persian Gulf countries. The length of along the border of Iran, the Persian Gulf, the islands are about 1800 kilometers and without the islands, about 1,400 km. The length of the Persian Gulf through the Canal of Hormuz to the headfirst point in the West is about 805 km. The widest part of the Persian Gulf

is 290 km. Persian Gulf deepest point is 93 meters which is 15 kilometers from the Grand Tomb and the shallowest spot with a depth between 10 and 30 meters is in the West. There are also numerous islands in the Persian Gulf.

#### **Culture, History and Religion.**

In terms of cultural and ethnic, countries like Turkmenistan, Azerbaijan and Iran are Muslim and 70% of Kazakhstan and Russia in the region are Muslims. A small percentage of Muslims live in Russia, their only difference are the traditions and culture. These similarities in ethnic and religious identity has joined them together. In the Persian Gulf, the majority are Muslim countries speak the Arabic language, only the language of Iran is Persian. But in terms of culture, religion and traditions, the Arabs and the Persians have many commonalities. Also, Iranians are Shiite and the Arab States are Sunni.

#### **Bottom of the sea and access**

The Depth the Caspian Sea is between 20 meters to 1000 meters. Especially south of Iran the sea the depth is up to 1000 m, but water depths in the Persian Gulf is circa 100 meters. The Caspian Sea is a closed sea which is accessible to the 5 adjoining countries, but the Persian Gulf is an open sea and has access to other seas which allows shipping to the rest of the world and for such reasons, this area has value.

#### **Energy**

There are 1003 billion barrels of known oil reserves in the world with approximately 760 billion barrels of this figure, two-thirds of the world's oil reserves is located in the Persian Gulf. The other one-third of its reserves which is 156 billion barrels is located in America, 76 billion in Europe, about 65 billion to 43 billion in Africa and other parts of Asia. However, Saudi Arabia has the largest oil reserves in the Persian Gulf, about 265 billion barrels of oil, almost equal to America and Europe, and equal to reserves in other parts of the world. Iran is the second largest oil reserves after Saudi Arabia, having 155 billion oil barrels which is more than Europe and Africa combined. Iran is also the second largest gas producer after Russia. The biggest factor is the importance of Persian Gulf oil and gas reservoir is at the bottom of the seabed and its shores, the area is also known as the "oil storage of the world". The Persian Gulf is an oil transport route for countries like Iran, Iraq, Kuwait, Saudi Arabia and the United Arab Emirates, and for this reason, it is considered an important regional and global transit. The oil production in the area of Persian Gulf is transported to other parts of the world through these waters and the Canal of Hormoz, which is passed to the rest of the world. The biggest oil and gas resources are located in Iran and Iraq and Saudi Arabia. According to EIA 2013 Statistics Abu Dhabi with 92 countries, Kuwait 102, Iraq 141, Iran 155 with the discovery of new reservoirs, Saudi Arabia's 265 billion barrels of oil reserves is the largest in the world. Also, regarding the Natural Gas Reservoir, UAE with 215, Saudi Arabia 288, 890 Qatar and Iran with 1187 trillion cubic meters have the most gas reservoirs in the world. According to estimates the Persian Gulf Area has more than 760 billion oil barrels which has proven to be equal to 61 percent of the world reserve and over 70 trillion cubic meter of natural gas equals to 39.5 percent of the world's gas reserves is in the Persian Gulf. [7] According to statistics, Turkmenistan has 1.9 billion oil reserves, Russia 1.6, Azerbaijan 5.8, Iran 0.5 and Kazakhstan with 31.2 billion barrels of oil fields in their reserves. In addition, about 19 trillion cubic feet of gas reserves of the Caspian region in Turkmenistan, Russia with 109, Azerbaijan 51, Iran and Kazakhstan with 2 to 104 trillion cubic feet are natural holders of gas. The United States Energy Information Office have calculated the amount of oil in Caspian Sea which is up to 50 billion Barrel and natural gas is approximately 300 trillion cubic feet. And on these basis, the world's biggest lake Oil reserves is between 4 to 5 percent and gas resources is 6 percent of the world's resources. [8] These resources are not more than 3 to 5 percent of the world's oil and gas reserves. But the Persian Gulf oil reserve is more than 60 percent of the total world's reserves.

According to statistics, nearly 50 billion barrels of oil in the Caspian Sea have been determined, on other hand, the Saudi Arabia oil reserve is 265 billion barrel which is 5 times greater than Caspian Sea oil reserve or the Iraq alone and has 141 billion barrels which is 3 times greater than Caspian sea area. Iran has 155 billion barrel which is 3 times more than Caspian Sea but has no reserves in Caspian Sea. The Caspian energy resources is not in the size and amount of Persian Gulf but has more oil than north sea and is a reliable and politically risk free and economical for the western countries.

#### **Legal regime and shared fields**

The legal regime of the Caspian Sea has not yet been determined and this is a problem in the way of using the resources of the Caspian Sea, Persian Gulf, but the situation is better. Almost all fields are specified. Nevertheless, there are some disagreement of the use of these resources in Persian Gulf. For example, between Qatar and Iran over regional gas in Assaluyeh, Iran and Kuwait, Iraq, Kuwait and other countries are discussing how to explore oil and there are disagreement in between. In this regard, we can see there are some disagreement on the location and borders of oil exploration in common Resources between Iran and Kuwait (Arash Square Resources), Iran and the United Arab Emirates (Mubarak, Nosrat and Farzam Resources)

#### **Production costs and quality**

Persian Gulf oil reserves in the Caspian Sea has many advantages such as ease of extraction, low cost of production, surplus production capacity, high quality crude oil, ease of transport, power generation and the possibility of discovering new reserves of vast oil wells in the region. Because of the depth of the Caspian Sea, exploration, production and transportation is more expensive. Due to high water depth in Caspian Sea, the oil extraction costs will certainly be higher. While the cost of extracting a barrel of oil in the south, is one to one and a half dollars, the cost of extracting a barrel of oil in the Caspian Sea is three to five dollars. Some experts believe because of the big difference between the costs of oil production in the Caspian Sea with the Persian Gulf, selling

Caspian Sea oil in the market is not economical. Meanwhile, some experts believe that lack of modern technology to extract oil in deep waters is cause of dramatic differences in the cost of production as the technology used to explore oil in North America (Gulf of Mexico) to a depth of 2200 meters, 3000 meters Brazil, Nigeria and Angola 1500 meters and 375 meters to the North Sea oil supply in the global market is proof that Caspian sea oil also can be profitable. [9]

### **International politics**

The Persian Gulf is the heart of America. The Persian Gulf surrounding countries are dependent on America. The Americans are main importer of oil from Persian Gulf countries. Saudi Arabia and Iraq are 2 main allies of America. Most wars in that area of the Persian Gulf was for Blood (Oil) for America. The Caspian Sea from a strategic view has become one of important areas of the world which this made this important place and focus of regional and global superpowers. The oil resources of this area has added to its geopolitical importance of this area and a new scene for political and economic activities. Some commentators believe that the countries like Azerbaijan and Kazakhstan to Kuwait in the Persian Gulf and the Arabian countries, Turkmenistan, the UAE in the Persian Gulf are likened the role of oil and gas.

### **Transmission of energy**

The Persian Gulf area oil can be transported easily with huge oil Tankers as these waters have passage to the open sea. This transportation can be done easily through the Caspian Sea but due to lack of communication and the sea being a closed sea that has no passages to other world's sea, makes the export of the oil very difficult The Caspian Sea oil can be transported by pipe line which this is an expensive and costly way due to high construction price and passing through difficult areas and political situations in this area makes this transfer face lots of difficulties. To transport oil from the Caspian region to world markets, the line should pass the borders and the territory of other countries, for example, to transfer Kazakh oil to world markets via Baku-Ceyhan pipeline to the borders and the territory of the other three countries, namely Azerbaijan, Georgia and Turkey to reach to open seas of the Mediterranean. Geoffrey Kemp, calls this on the basis of combination of oil and Gas resources in these two areas of the Energy Storage of Caspian and Persian Gulf is called "strategic energy ellipse".[10]

### **The energy swap for Iran**

In this section we are going to talk about oil swap in the Caspian Sea. First, I would like explain about the word swap and analysis the dimensions of it. Swap in word means "Barter, exchange, to change, Trade-off, sending out, Replace, Replace it. [11] "In common form", it means that a good to be received from one point and the same amount of goods to be delivered to another point.[12] With other audiences in mind to understand, they explain swap as " The swap business is like buying an Apple and selling another Apple at the same time for delivery in the next week (future).[13] Others have said that "There are different ways of doing swap business which the most common is to receive a good in one point and delivery the exact amount in another geographical point in mind." [14] Swap has many different types including: Currency swap, swapping different goods, (Cotton swap, sulfur swap, Aluminum and etc....) interest rate swap, the total rate of returned swap, Wealth swap, credit default swap, constant maturity swap. [15] In 1990 (1370), the Soviet Union and the independence of separate countries from the great empire also explore new fields in these countries and the West and Western countries by opening the door of these countries, particularly Azerbaijan which signed a great oil contract in 1994. These countries, due to being isolated and restricted with previous oil pipes which was going through Russia to other counties, decided to choose the Iran route for their exploration. Kazakhstan oil swaps with Iran was conducted for the first time in 2002 through the Neka port in the north of the country. Initially only 1,600 barrels a day of Kazakh oil were discharged by sea tanks in the port of Neka. Fear of American anger and enforcement of sanctions, Libya and Iran, was the reason behind this swap but this figure increased gradually in 2005 to 4.1 million tons in 2006 to 2.4 million tons. In 2003, the operation of the pipeline Neka oil swaps with Iran, Tehran; capacity was increased to 150 thousand barrels per day. In 2006 the Kazakh oil swaps rose to 120 thousand barrels per day to 40 thousand barrels per day which were sent to refineries in Tehran and transfer the rest to Tabriz refineries afterwards. Therefore in 1375 Iran and Kazakhstan signed an agreement under which 40 thousand barrels of light crude oil to be delivered from Kazakhstan to Tabriz and Tehran's refinery in exchange for the same amount of oil in Kazakhstan that were delivered to partners in the Persian Gulf. [16] Due to Iran special geopolitical position and also to high cost of oil export through road ways and routes, the Caspian Sea countries do not have access to the international water ways and they will save money from the oil transportation route for export by using swap system with Iran also benefit from this swap as it has basis of economic, security and politics for the country.

### **Iran and oil swap in the North (Neka)**

Bushehr oil terminal voltage in the southeast of the Caspian Sea at a distance of 23 kilometers north of the city of Neka. Neka is located next to the thermal power plant. Iran built this oil terminal which is called North oil Terminal to suit the location and proximity to the cities of Tehran and Tabriz and has a very important geopolitical state in the years 1370. The port is the most important transit port. This importation Terminal is located 20km to the North of City Neka in Northern Iran and by Caspian Sea. The Ministry of Petroleum of the Islamic Republic comply with politics and oil trade with Central Asian countries, and development of the economy in order to strengthen political relations and political stability in the region, since the beginning of 1372 began to

build docks with all available standards for unloading oil. The ministry of oil has had a great past experience due to rebuilding the water front of Kharg Island and Lavan after the war. The oil Tankers which bring oil from Kazakhstan and Russia to Neka Port have a capacity of up to 12 thousand tons which comparing to export tankers of Kharg Island which they are up to 400 tons. This led to all arriving and departing ships to be carried out by the Ministry of Petroleum and related companies such as the company of terminals. Construction of this Terminal was done by Sinopec of China. The terminal is equipped with a dock for mooring, measuring systems, oil storage tanks, transfer pumps and oil-water separation unit.

#### **The Foreign Angles (Political-Economical) Swap**

Not only from local point of view but also from foreign point of view, Iran has become important and has gained a higher international prestige as an oil transit country and the American pressure for pushing Iran to the isolation has been reduced. And also there is an increased presence of Iran in neighboring countries for obtaining extra political and economic advantages and also to get hold of new market for Iranian products. This also brings an income for Iran to get a Labor charge for doing swap through Neka port in Caspian sea which will be an effective economic activity and also reduces the inland oil transportation charges and expenses for transferring oil to Tehran and Tabriz Refinery which means instead of investing money for building pipe lines and other transportation incomes for transferring oil from Persian Gulf to Tehran and Tabriz Refinery for approx. length of 1500km this can be brought in from North Terminal with the oil purchased from neighboring countries and sent to by a approx. 300 km long pipe line to Tehran ,Tabriz, and Arak Refinery and the same amount of oil is delivered to the customers in Lavan and Khark oil Terminals which is very cost effective and economical. [17]

#### **Features of Swap**

First, all the characteristic and quality of the original delivered oil should have the same features as alternative oil in the exporting seaport. Second, Iran should have the same capacity of export as per swapping countries. For example in the present sanction situation, if 500 thousands barrel of oil are imported from North, Iran should be able to export the same. Also other important point is. Iran should have possibilities to transfer oil receiving from the original countries and to use storages. Third, all the import and export costs and expenses have to be studied professionally to show how much income and profit an imported oil barrel has for the country. The fourth is this that this work should be carried out by a private sector because the private sector is not government or government monopoly. If this work is profitable or not profitable then this sector will stop or continue to work, depends how profitable it would be. The involvement shows these types activity if all points and details are considered carefully, it will have economical profits. Fifthly, type of barrel or exchange can also be assessed which means we import oil and instead we export other goods to these countries or vice versa is also possible.

#### **The Legal section of Swap**

Some lawyers have explained the legal nature of the swap contract in the form of international trade and they believe swap is a kind of opposite trade.

The ways of mutual trade are include:

The Simple Barter contract, Mutual purchase, Buyback offset, advance purchase, Replacement, The settlement agreement clearing house, Barter and swap debt assignment agreements. Swap contracts are considered interchangeable and replaceable. In "contract substitution method", the same goods that are located in different physical locations will be exchanged with each other to reduce the cost of shipping or overcome transportation barriers. Suppose Indonesia traditionally sells oil to Germany and through information from the business on the market realizes that the UK is the same oil export to New Zealand. To reduce the cost of transport, the Parties shall sign a swap contract so the oil from Indonesia goes to New Zealand and Britain delivers to Germany. The result of this this contract is to exchange oil of Indonesia with oil of England. [18]

#### **Gas Swap**

Iran's distinctive position in the Area and being present in Geographical and strategic state and easy to reach from North , South , East , and West gives possibilities to politicians to program a swap for Gas. The presence of Russia in North and Qatar in the South as biggest producers of natural gas in the word from one side and Iran's easy access to big users of the gas like Pakistan, India, China, Turkey, and even Europe from other side, gives Iran a distinctive position for startup Gas Swap. The government strategy is that instead of competing with the world's largest gas producers, particularly Russia, to work together to interact. According to Mehr Reports Iran in last 8 years up so far (During the year 2005 to 2013) Iran has swapped over one billion and 750 million cubic meter of Gas between Republic Azerbaijan and Republic of Nakhjovan. Accordingly, the swap volume of Azerbaijani gas to Nakhchivan through Iran was carried out to the amount of 347 million cubic meters in 2012. The exchange or swap contract of Iran Natural Gas and republic Azerbaijan was signed in 2004 between Tehran and Baku Energy authorities and in accordance with this 25 year contract, nearly two million cubic meters of gas is delivered daily from Azerbaijan through Astara border to Nakhichevan. [19] One other way of swap can be liquid gas swap which liquid gas LPG from the Caspian sea Area countries which are delivered to Neka Terminal and Saraksh. Iran will deliver and export the same from the South and receives not only the income of swap but also reduced energy transportation coast in the country.

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