



Gulf Research Center  
Knowledge for All

# Engaging Iran

**Australian and Canadian Relations  
with the Islamic Republic**

Robert J. Bookmiller

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Gulf Research Center  
Dubai, United Arab Emirates



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By publishing this volume, the Gulf Research Center (GRC) seeks to contribute to the enrichment of the reader's knowledge out of the Center's strong conviction that 'knowledge is for all.'

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**Abdulaziz O. Sager**  
Chairman  
Gulf Research Center

## About the Gulf Research Center

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The Gulf Research Center (GRC) is an independent research institute located in Dubai, United Arab Emirates (UAE). The GRC was founded in July 2000 by Mr. Abdulaziz Sager, a Saudi businessman, who realized, in a world of rapid political, social and economic change, the importance of pursuing politically neutral and academically sound research about the Gulf region and disseminating the knowledge obtained as widely as possible. The Center is a non-partisan think-tank, education service provider and consultancy specializing in the Gulf region. The GRC seeks to provide a better understanding of the challenges and prospects of the Gulf region.





***For Sebastian***

*May his affection for these three great countries continue to grow*



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of their collective expertise. Most of the diplomats and policymakers are listed by name in the bibliography and they agreed to direct attribution in the body of this work; however, a few requested anonymity in their remarks.

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*Robert J. Bookmiller*

## Introduction

In 2008, Australia and Canada both observed political milestones in their relations with Iran. For Canberra, the year represented four decades since the establishment of its embassy in Tehran, while Ottawa marked 50 years of formal diplomatic ties with the same. Yet the anniversaries passed with little notice in all three capitals. This shared official silence is indicative of the complicated and often troubled links which Australia and Canada currently have with the Islamic Republic (IRI).

This study explores an often overlooked aspect of the West's interaction with the IRI, that of Canadian and Australian foreign policy toward Iran, both before and after the 1979 revolution. It is based largely on archival research and interviews with diplomats posted to Tehran as well as policymakers stationed in Canberra and Ottawa. Most scholarly and popular attention has focused on the United States-Iranian relationship (or the lack thereof) or diplomatic dynamics between European Union members and the Islamic Republic. Yet measures taken by Washington or its European counterparts ultimately place Canada and Australia in difficult diplomatic positions. The most recent case in point has been American and EU-3 (France, Germany, UK) responses to Tehran's nuclear gamesmanship, especially the application of trade and financial sanctions, which pose considerable political and economic challenges for Canberra and Ottawa. Kim Richard Nossal notes that Australia and Canada have "open, highly trade-dependent economies, with a traditional reliance on primary resource exports. Because of this, both governments have usually expressed a generalized interest in minimizing interruptions

to international trade, particularly for what are invariably termed ‘political’ reasons usually associated with international sanctions.”<sup>1</sup>

Both countries developed their Iran policies gradually. For the first half of the 20th century, the British government represented Canadian and Australian interests in Tehran. Later it was the Shah’s Iran that would initiate the diplomatic courtship in each instance. Eventually Canberra and Ottawa become more politically proactive in order to exploit a potential export market as well as bolster a key Western cohort during the Cold War. Direct links became even more vital as London lost prestige in the Middle East (particularly following the Suez Crisis) and scaled back its military and political commitments in the Gulf and Asia-Pacific regions following World War II.

When Iran became flush with petrodollars in the mid-1970s, exporting to the country became an even greater priority for the two. Political contacts grew and a financially emboldened Shah expressed interest in deepening ties further. The fact that Australia and Canada had large deposits of uranium was not lost on a monarch keen on establishing Iran’s nuclear industry. With the emergence of the IRI in 1979, and its turbulent relations with the US, Canberra and Ottawa often found themselves caught between Washington (one of their closest political, military and economic allies<sup>2</sup>) and Tehran (which had become an important trading partner for each) over the issue of economic sanctions. The United States would press the matter of sanctions during three major periods after the Revolution: 1) in 1979-1981 throughout the US-Iran embassy hostage crisis; 2) between 1994-1997, when Iran’s presumed role in international terrorism was a focal point of US policy culminating in the Iran-Libya Sanctions Act; and 3) in the post 9-11 world amid concerns over Iran’s nuclear program and suspected weapons development. Further complicating the issue for Australia and Canada is that in recent years both states have enjoyed significant trade surpluses with Iran. Since the Revolution, grains have accounted for the overwhelming bulk of their exports to the IRI. While Canberra and Ottawa are competitors with each other for the Iranian grain market, they both have benefited from the absence of another major grain exporter – the United States. With the imposition of unilateral American sanctions starting in 1980, the US removed itself as a trade rival for this market.<sup>3</sup>

Owing to these economic dynamics, Australia and Canada have consistently cultivated more nuanced diplomatic and trade links with Iran than the Americans or Europeans. Their shared political profile, both domestically



and externally, make this more shaded approach possible. Andrew Fenton Cooper perceptively describes them as:

Transplanted Anglo-democracies, sharing a common political/constitutional experience, with relatively small populations and an abundance of natural resources, the two countries have a number of common values and goals in terms of the international system. Most significantly, both remain strong advocates of multilateralism and a rules-based approach to international economic relations.<sup>4</sup>

Cooper also calls them “quintessential middle powers.”<sup>5</sup> In defining this term with respect to Australia, Gareth Evans and Bruce Grant could similarly be referring to Canada:

Australia is a middle power. We are manifestly not a great or even major power; nor, however, are we small or insignificant. The company of nations which tend to be so described is relatively limited – a dozen to twenty at most. There are no agreed criteria: it is a matter of balancing out GDP and population size, and perhaps military capacity and physical size as well, then having regard to the perceptions of others.<sup>6</sup>

As middle powers, unencumbered by a colonial or imperial past, Canberra and Ottawa have had wider diplomatic opportunities in relation to Iran not available to their Western counterparts after the 1979 Revolution. Yet the intensity of Canadian and Australian relations with their long-time allies has often placed them at diplomatic odds with all sides. In the end, while frequently leery of Iran’s intentions, Australia and Canada have been reluctant to isolate or contain the IRI, and instead, they have adopted policies which engage the Islamic Republic.

*\*Unless otherwise noted dollar figures used in the respective Australian and Canadian chapters are in the currency of the country under review.*

## Endnotes

1. Kim Richard Nossal, *Rain Dancing: Sanctions in Canadian and Australian Foreign Policy* (Toronto: University of Toronto Press, 1994), 17.
2. Canadian External Affairs Minister Mitchell Sharp’s assertion in 1972 that the US “is by far the most important external relationship, but it is more than an external relationship. It impinges on virtually every aspect of the Canadian national interest and thus on Canadian domestic concerns” rings true today as well. [See Mitchell Sharp, “Canadian-United States Relations: Options for the Future,” *International*

*Perspectives* (1972): 13-23.] On the Australian side, a few weeks before 9-11, Prime Minister John Howard stated, "The relationship we have with the United States is the most important we have with any single country. This is not only because of the strategic, economic and diplomatic power of the United States. But of equal, if not more significance, are the values and aspirations we share." [Quoted in June R. Verrier, "Australia's Self-image as a Regional and International Security Actor: Some Implications of the Iraq War," *Australian Journal of International Affairs* 57, no.3 (2003): 467.] The US is Australia's third largest two-way trading partner after Japan and China. Two-way trade in goods and services was \$47 billion in 2007. [Government of Australia, Department of Foreign Affairs and Trade (2008) US-Country Economic Fact Sheet. <http://www.dfat.gov.au/geo/fs/usa.pdf>. (accessed April 19, 2008)] However, the US is Canada's single largest trading partner. This makes Ottawa much more closely dependent on the American market located next door. In 2007, bilateral trade in goods and services between the US and Canada was over \$560 billion. According to the Canadian Embassy in Washington, "Canada's trade with the United States is equivalent to 52 percent of our GDP. The United States represents roughly 4/5 of Canada's exports and 2/3 of our imports." [Government of Canada, Embassy, Washington (2007) The Canada-US trade and investment partnership. [http://geo.international.gc.ca/can-am/washington/trade\\_and\\_investment/trade\\_partnership-en.asp?](http://geo.international.gc.ca/can-am/washington/trade_and_investment/trade_partnership-en.asp?) (accessed November 1, 2007)] The countries are also tied together in the form of military alliances. For Canada, NORAD and NATO links it closely with the US, while for Australia, ANZUS couples it with the US.

3. Prior to the revolution, the US was Iran's largest wheat supplier, shipping almost two million tons a year. In addition to Australia and Canada, Argentina filled this void after 1979.
4. Andrew Fenton Cooper (1992) "Like-minded Nations and Contrasting Diplomatic Styles: Australian and Canadian Approaches to Agricultural Trade," *Canadian Journal of Political Science* 25 no.2 (1992): 349-350. Canada has a population of 33 million, while Australia's population is 21 million.
5. *Ibid.*, 350.
6. Gareth Evans and Bruce Grant, *Australia's Foreign Relations in the World of the 1990s*, 2<sup>nd</sup> Ed. (Carlton, Victoria: Melbourne University Press, 1995), 344.

## Chapter One

# Australia and the Shah's Iran

Canberra's ties with Iran are best understood within the broader unfolding of Australian foreign policy itself. Australia's international relationships gradually grew following independence in 1901.<sup>1</sup> But its foreign policy remained strongly tethered to that of Great Britain. Accordingly, until Australia established its own diplomatic relations with Iran in 1968, the British represented Canberra's interests there. Even after direct links were established, conventional wisdom held that Australia's interests in Iran and the larger Middle East were minimal. For as then-Foreign Minister Gareth Evans and his coauthor Bruce Grant would assert as late as the mid-1990's:

Australia is connected with the Middle East and Africa by the Indian Ocean, but not an enormous amount else. In any tough-minded comparative assessment of the nature and extent of Australian foreign policy interests at stake, both regions have to rank at the lower end of the scale, along with Eastern Europe and South America.<sup>2</sup>

However, as a country vitally dependent on trade, commercial connections – both in real and potential terms – would shape Canberra's strategic interest in Iran. Once embassies opened, Australia and Iran would maintain a continual diplomatic presence in each other's capitals despite changes of governments, the Iranian Revolution, three Gulf Wars, and the challenges brought on by the Islamic Republic's often acrimonious relationships with many of Australia's key Western allies.

## **The Advent of Australian Foreign Policy: Iran on the Periphery**

Following independence at the turn of the 20<sup>th</sup> century, Australia established a Department of Trade and Customs as well as a Department of External Affairs. However, the initial mandate for External Affairs clustered chiefly around immigration issues. It was pointedly not called “Foreign Affairs” as Great Britain still controlled foreign policy for the self-governing Dominions. Two decades later, External Affairs’ reach expanded to incorporate matters stemming from Canberra’s membership in the League of Nations. Despite the fact that only independent states were members of the League, the United Kingdom remained primarily responsible for overall Australian foreign policy. Australia was “still a daughter of Empire.”<sup>3</sup> This was true even after the Statute of Westminster in 1931 offered Australia exclusive control over its own laws without British interference. Canberra did not formally embrace the Statute until 1942, “which shows how little the governments of that time valued – either symbolically or practically – such freedom as it gave them.”<sup>4</sup> As Evans and Grant note:

the fact that Australia was protected by the British fleet, not the Royal Australian Navy; that the bulk of Australia’s trade was with Britain; that the greater part of investment in Australia was British; that Australian children learned everything from British textbooks and, when they grew up, became British subjects and traveled on British passports – all this meant that most Australians felt they *were* British, and thought it quite natural that their diplomacy should be conducted on their behalf by British officials.<sup>5</sup>

Thus, “imperial unity” prevailed and Australia demonstrated little interest in forging a foreign policy distinctly its own until World War II, when British defeats in the Asia-Pacific region made it necessary.

Canberra established its first independent diplomatic presence abroad when it opened a legation in Washington in 1940. Posts were subsequently set up in Ottawa and Tokyo (closed in December 1941 because of the war) as well as Dili and Singapore (both evacuated by mid-1942). A diplomat was also dispatched to China by the end of 1941. During World War II additional missions were inaugurated in Moscow, Wellington and New Delhi. By the war’s conclusion, External Affairs had grown to 39 “diplomats serving overseas. The immediate post-war years [brought] a rapid expansion of posts, with nearly

30 new diplomatic missions opened between 1945 and 1950.”<sup>6</sup> The next 15 years witnessed the establishment of Embassies or High Commissions in key newly independent countries in Asia and Africa. However, out of some 40 different missions established by the mid 1960s, Canberra’s only diplomatic representations in the Middle East were in Tel Aviv and Cairo. Australia did not have a legation in Tehran. Likewise, there was no Iranian diplomatic presence in Canberra. Australians wishing to interact with officials from Iran were instructed by External Affairs to contact the Iranian Embassy in London.<sup>7</sup>

Following the war, in addition to alliance considerations with the UK and the US, Australia’s Middle East policy found expression through the United Nations. Canberra was elected as a temporary member of the UN Security Council (1946-47) and found itself dealing with numerous Middle East issues. While Palestine would dominate the early agenda of the UN,<sup>8</sup> the Security Council also deliberated the continued Soviet occupation of Iran. Australia was intimately involved in these debates.<sup>9</sup> Outside of the main UN bodies,<sup>10</sup> other multilateral forums such as the Colombo Plan and the Economic Commission for Asia and the Far East (ECAFE) afforded opportunities for Australia and Iran to interact with each other in the mid-1950s. The Colombo Plan was a Commonwealth organization of which both Australia and Canada were founding members; Australia’s initial international aid programs developed as a result of its participation in this grouping.<sup>11</sup> Iran attended its first ECAFE meeting in March 1959. The meeting itself was held in Australia.

Through common UN and regional organization memberships, the bilateral Australian-Iranian relationship began to tentatively emerge. For example, Canberra and Tehran concluded an agreement establishing air service between the two countries on December 20, 1960. It was signed in Tehran by Australia’s Minister for Civil Aviation, Senator Shane Dunn Paltridge, and Iran’s Foreign Minister, Yadollah Azodi. Yet beyond this agreement, there would be no formal government-to-government arrangements between the two countries until diplomatic relations were established in 1968.

Despite these nascent bilateral and multilateral contacts, Britain’s presence loomed large in Australia’s overall relationship with Iran throughout the 1950s and well into the mid-1960s. London continued to represent Canberra diplomatically in Tehran. Australia’s main interests in Iran – minimal as they were – remained largely commercial. Even then, Iranian exports to Australia (primarily petroleum and its products) were over 12 times more than Australian products shipped the other way.<sup>12</sup>

## **Australian Middle East Interests Emerge: The AIOC and Suez Crisis**

When the government of Mohammad Mossadeqh nationalized the assets of the British-controlled Anglo-Iranian Oil Company (AIOC) in May 1951, Australia became embroiled in the two-year showdown between London and Tehran. Notably, Australia's ties with the AIOC ran deep. At the turn of the twentieth century, William Knox D'Arcy, after amassing a substantial gold mining fortune in Australia, spent almost a decade speculating for oil in Persia. D'Arcy's concession would eventually lead in 1908 to the discovery of the then-largest oil field in the world. Although he lost controlling interest in the oil company, D'Arcy accrued yet another fortune and secured a directorship in the newly formed Anglo-Persian Oil Company, which would be renamed Anglo-Iranian in 1935.

Following Mossadeqh's nationalization of the AIOC, the government of Robert Menzies was quick to side with Britain. Canberra feared not only the disruption of oil brought on by the crisis, but also worried that instability in Iran might invite Soviet involvement, leading to conflict between London and Moscow or potentially "precipitate a world war."<sup>13</sup> In one of his most forceful comments on the crisis, Menzies told the House of Representatives in October 1951 that Mossadeqh's act was not "nationalization" but could "more accurately be described as an act of confiscation," and as such Australia "deplores this action by the Iranian Government."<sup>14</sup> Among the British responses to Mossadeqh's actions was to propose a Middle East Command in the region to buttress a Western military pact against possible Soviet involvement in the region.<sup>15</sup> Australia accepted the British invitation to join. In announcing his government's intent to be a part this effort, Menzies stated, "We admit, quite frankly, that in a world conflict the freedom of Australia cannot be successfully defended by Australia alone. The free nations will either stand together and defeat aggression or they will stand separately and be defeated by it."<sup>16</sup> While the joint defense organization never materialized, Canberra did dispatch two Air Force fighter squadrons to Malta where they would remain for almost three years.

In September 1952, Prime Minister Menzies sold his country's majority interest in Australia's principle oil refinery, Commonwealth Oil Refineries, Ltd., to Anglo-Iranian. At that time, AIOC was looking for new business ventures to offset its losses in Iran, especially its principal oil refinery in Abadan.<sup>17</sup> The

Australian opposition criticized Menzies for diminishing Australia's control over its oil supplies and undervaluing the company's stock sold to Anglo-Iranian. However, in return for the sale, AIOC began building a new oil refinery in Kwinana, Western Australia that would eventually provide more of Australia's petroleum refining requirements than the previous arrangement.<sup>18</sup>

As the crisis continued in late 1952 with heightened hostilities between Iran and the United Kingdom, Mossadeqh severed diplomatic ties with London in October and ordered British diplomats and citizens out of Iran. A shuttered British Embassy left Australia without a diplomatic presence in Tehran. Predictably, as London engaged the services of Switzerland to look after its interests in Iran, Canberra made its own overtures to the Swiss. The Australian Consulate-General in Geneva reported back to Canberra, "In agreeing to safeguard Australian interests in Persia, the Swiss authorities suggested that as it was expected that there would be little work involved, the cost might be debited against the sum advanced [by the UK]..."<sup>19</sup> Switzerland represented Australian interests until after Mossadeqh's overthrow in a CIA-sponsored coup in August 1953. In December, Britain reopened its embassy in Tehran and resumed its previous representative role on behalf of Australia.

In 1956, Australia was drawn into another Middle East crisis in support of Britain. This time however, Australia and Iran, now safely again under the control of the pro-Western Shah, found themselves working together to diffuse the crisis. Following Egypt's nationalization of the Suez Canal Company (owned by Britain and France), a "canal users" conference was held in London in a bid to lower international tensions and possibly resolve the matter through negotiations. At the time of the canal seizure, almost a quarter of Australia's trade passed through the waterway, including over 40 percent of its exports.<sup>20</sup> Menzies played an active role at this conference, although his pro-British bent was evident throughout the crisis. In August, for example, he suggested, "the fact remains that world peace and the efficacy of the United Nations Charter alike require that the British Commonwealth and, in particular, its greatest and most experienced member, the United Kingdom, should retain power, prestige and more influence."<sup>21</sup>

The Users' Conference established a committee comprised of Australia, Iran, Sweden, Ethiopia and the US. It was charged by the conference to meet with Egyptian President Gamal Abdel Nasser. Menzies was appointed chair of the committee and he worked closely with Iranian Foreign Minister Sayed Aly Ardalan in formulating a negotiating strategy. Ultimately, the Menzies Mission

failed when Nasser refused to accept international control of the canal.<sup>22</sup> Later, Australia found itself virtually alone in the international community in its support of the British-French-Israeli military actions in Suez. This stance also placed the Menzies government on opposite sides of the issue with the US, which criticized the tripartite invasion of Egypt.

The Suez Crisis led to a loss of British influence and prestige in the Middle East – and by extension, Australia’s position was also undermined as London continued to represent Canberra’s interests in many regional capitals.<sup>23</sup> Yet Menzies’ Suez stance did not impact his country’s nascent ties with Iran. Even after the tripartite invasion of Egypt, the Shah made overtures regarding attending the Melbourne Summer Olympics to be held in late 1956. Australian plans called for inviting the Shah to stay at Government House since it “would be the appropriate course in the case of a reigning monarch and would follow Buckingham Palace precedent.”<sup>24</sup> Referencing the crisis, the Consular and Protocol Branch of External Affairs noted, “It seems on the whole improbable that Iran will be drawn into hostile activity against the United Kingdom over the present Suez military action, although it can scarcely be expected to approve... [T]here may be advantage in showing the Shah all the civility we can.”<sup>25</sup> Ultimately the lack of air transportation to Australia (there were no direct air links in 1956) and domestic factors forced the Shah to abandon this trip. However, this episode illustrated an early interest on the part of the Iranian government to better relations with Canberra. By 1958, Iranian officials were quietly approaching their Australian counterparts at the UN General Assembly about the exchange of diplomatic posts. A courtship had begun, with Iran making the initial diplomatic advances. Canberra politely demurred on these unofficial overtures, but by 1960 it was prompted to prepare a formal response in advance of an Iranian delegation visit.

Prior to the arrival of Ghulam Ali Vahid Mazanderani, Head of the Legal Department in Iran’s Foreign Ministry in July 1960, the Consular and Protocol Branch drafted a Memorandum for the Secretary of External Affairs. Its final version stated:

From the political point of view, there would be no objection to our exchanging diplomatic representatives with Iran. However, there would seem to be no particular advantage in our doing so, except possibly from a Trade Department point of view... From this Department’s point of view, if we were to open a third mission in the Middle East, Beirut, Ankara or possibly Baghdad would be preferable to Teheran from the point of view of keeping in touch with Middle East developments.<sup>26</sup>



When Vahid met with Department officials, he highlighted that some 45 countries were represented in Tehran and specifically mentioned the relatively new Canadian presence.<sup>27</sup> He also emphasized that Canberra might find it advantageous to have a diplomatic mission close to the USSR. In response, while expressing Australia's willingness to host an Iranian mission in Canberra, an External Affairs official noted that costs, staff shortages and the fact that Australia was concentrating its representatives in states of the British Commonwealth and neighboring Asian countries were all reasons forestalling a reciprocal response for "the foreseeable future."<sup>28</sup> He also stressed that almost a dozen countries had missions in Canberra "without reciprocation" on the part of Australia.<sup>29</sup> During this meeting, the modalities of signing the recently-concluded air agreement were raised. The External Affairs official stated that it might be possible for the British Ambassador in Tehran to sign on behalf of Canberra. However, Vahid expressed a strong desire to have an Australian representative sign the agreement alongside the Iranian Foreign Minister. In the end, the Department supported Iran's request to have a "high personality" initial the accord. As a memo to the Minister explained:

The Iranians place a great deal of importance on such matters of protocol, and we understand that both the United Kingdom and France found the Iranians particularly concerned with the formalities when concluding air agreements with them earlier in the year...Although we do not take as close a political interest in Iran as in countries closer to Australia, we are in a position in this case to demonstrate to the Iranians the importance we attach to the conclusion of an agreement with them. Our gesture in sending a Minister to sign the agreement should not only assist on air relations with Iran, but should project Australia in a favourable light, and contribute, if only in a minor way, to the maintenance of Iranian alignment with the West.<sup>30</sup>

Ultimately, Minister of Civil Aviation Shane Paltridge signed the document in December 1960, although leading up to the signing ceremony, the UK Embassy in Tehran handled most of the preparations with the Iranian Foreign Ministry. External Affairs also hoped that Paltridge's visit would "favourably influence" talks underway for a bilateral trade agreement.<sup>31</sup>

Internally, at this time, the Australian government was also discussing the possibility of establishing a new trade commission in Tehran. External Affairs weighed in on this matter in January 1961 to the Australian High Commission in London:

It might therefore, be advisable to put the matter in perspective by explaining that no question of diplomatic representation is involved. The Trade

Commissions are concerned with Trade promotion and the gathering of commercial information and they will wish to deal with local authorities on matters relating to the development of Australian trade. But they do not represent the Commonwealth Government in any diplomatic sense.<sup>32</sup>

In specifically referencing the establishment of formal bilateral diplomatic ties, the cablegram continued, “The matter was not raised officially with Senator Paltridge during his visit to Teheran in December...and we should hope that it would not be revived by the present proposal.”<sup>33</sup> The High Commission in London was asked to relay this understanding to the British Foreign Office and relevant embassies in the UK. In the end, fears of instability in Iran delayed the dispatch of a trade commissioner, and by 1962 alternate sites in Kuwait and Bahrain were being considered by the Australian government instead of Tehran.

Despite the lack of formal diplomatic ties, important milestones in the Shah’s life were acknowledged by the Australian government – usually through the Governor-General’s Office. Birthday greetings were relayed on a regular basis each October, while the Monarch’s December 1959 marriage to Farah Diba merited a congratulatory message<sup>34</sup> as did the birth of Reza, their son and heir, 10 months later. All communications were sent by the Governor-General, as Head of State, directly to the Shah, rather than the usual diplomatic protocol of having them hand-delivered by the Australian mission in the country, since that did not exist at this point.

## **Australia and Alliance Politics in the Gulf**

Throughout the 1950s and 1960s, Canberra continued to rest much of its foreign policy upon strong political and military alliances with both the UK and US. In regard to the US, this alliance would only be formalized with the 1951 ANZUS Treaty. Ultimately the changing dynamics of these relationships – especially the long-standing British military links – would impact Australian-Iranian relations. As Gordon Greenwood asserts, “Any prospect of a weakening British defence presence was of the utmost concern to the Australian Government.”<sup>35</sup>

Following the British Labor Party’s win in 1964, the new government indicated that its military was “seriously overstretched.” However, Minister of

Defense Denis Healey continued to assure the government of Prime Minister Henry Holt during a visit in early 1966, that Britain had “no intention of ratting on her commitments in the Middle East.”<sup>36</sup> Thus Holt was taken by surprise a month later when Healey announced that London would close its Aden base, which following the Suez crisis, had become the location for the British Unified Command in the Middle East and home to 20,000 British troops. In July 1967, Canberra received the additional unwelcome news of the total (but then-phased) British withdrawal from its Malaysian and Singapore bases, which would reduce the need for British bases in the Gulf as transition points for the Far East.<sup>37</sup> London’s withdrawal from “East of Suez” became more accelerated in January 1968 with the British decision to remove of all its forces from the Gulf and South East Asia by late 1971. The British announcements caught the US somewhat off-guard as well. As Tore Petersen explains:

The Johnson administration was unwilling or unable to prevent the British withdrawal and refused to take over British commitments in the Gulf. To prevent the Kremlin from exploiting the power vacuum left by the British, the United States appointed Saudi Arabia and Iran as replacements for the British in the Persian Gulf.<sup>38</sup>

Later, Johnson’s policy would become the foundation for the Guam (or Nixon) Doctrine which envisioned local US allies assuming more of the military burden of their own defense and by extension giving their support for the larger “Western” struggle with the USSR. This doctrine would lead to increased American reliance on the Shah to strengthen Iran’s military and serve as a “policeman” for Western interests in the Gulf, especially as Soviet naval operations in the region continued to grow.

It was these developments – of the twin military retrenchments from the Gulf of Australia’s two main allies and the heightened importance of the Shah’s Iran to the West – that jointly contributed to the establishment of formal diplomatic relations. Additionally, the 1967 Arab-Israeli War, the closure of the Suez Canal and the political estrangement between many Arab states and the US and the UK, underscored the importance of Australia having its own personnel on the ground. With Canberra’s previous decisions to open missions in Lebanon (1967) and Turkey (1968) as well as concerns about the seemingly perpetual political instability in Iraq, an Australian diplomatic presence in Tehran became increasingly important by mid-1968.

## **The Establishment of Diplomatic Ties with Iran**

In July 1968, External Affairs Minister Paul Hasluck announced that Canberra and Tehran had agreed to establish embassies in each others' capital cities. The Australian Embassy opened that September with Francis Hall as Ambassador. Hall had served as Chief of Protocol at External Affairs before being dispatched to Iran. The initial embassy staffing also included a trade commissioner, and by 1970 the Australian Meat Board was renting one floor of the embassy, although neither Australia nor Iran recognized AMB personnel as having diplomatic status.

The embassy establishment coincided with a dramatic increase in trade. In the previous three years, Australian exports had waxed and waned depending on the volume of wheat shipments and Iran enjoyed a large trade surplus (ranging between 2:1 to 3:1 in its favor).

However, by 1968-69, Iran became the third largest export market for Australian products in the Middle East behind only Saudi Arabia and Kuwait, respectively. Within a year, Australian exports had doubled and trade with Iran surpassed that with the Arab states making it Australia's top customer in the region. Canberra also achieved a favorable trade balance for the first time with Iran in 1969-1970. Some 60 percent of exports were wheat, but meat was also an important category. Soon thereafter Australia also became Iran's largest supplier of imported meat. This uptick in exports, as well as the decrease in purchases of Iranian oil because of Australian domestic discoveries, would continue to expand Canberra's healthy trade surplus with Tehran.<sup>39</sup> Exports to Iran topped \$116 million in 1974-75 – a major jump from the \$5.4 million export level of 1967-68.<sup>40</sup>

Despite being the party pushing for the establishment of embassies for almost a decade, Tehran did not immediately name an ambassador or open a mission in Canberra. At this point, outside of the Indian subcontinent, Iran only had Asian missions in Indonesia, Japan and Thailand. Citing budgetary problems, Foreign Ministry officials in Tehran suggested that the low volume of trade between the two countries did not merit the expense of a physical Iranian presence in Canberra. This asymmetrical diplomatic dynamic continued until late 1970, when seemingly out of nowhere Tehran announced that its Ambassador to Indonesia, Bahman Ahaneen, would also be accredited to Australia on a non-resident basis. The accreditation formally occurred in February 1971. In analyzing this diplomatic about-face, Ambassador Hall,

commented, "The main, and perhaps unflattering, motive for this move appears to have been to establish a presence in Australia for publicity in connection with the celebrations of the 25<sup>th</sup> Century of the Monarchy."<sup>41</sup> In terms of these October 1971 celebrations, after initially sending his regrets, Governor-General Sir Paul Hasluck represented Australia at the events in Shiraz and Persepolis. It was the first state visit to any country by an Australian Governor-General in his own right (and not merely as the Queen's representative) and this new use of the office may have contributed to Hasluck originally declining the Shah's invitation.

The Governor-General's visit helped pave the way for increased Iranian interest in Australia. Yet, the bilateral political relationship remained largely undeveloped. As Ambassador Hall repeatedly argued from the early days of his tenure, there was a need for a big gesture of some sort, such as a high-level Iranian visit to Australia, to build up the relationship and generate more interest about Australia in Iran and vice-versa. In April 1972, Hall wrote:

As to high-level visits, I have not been advocating a visit by the Shah outright, but simply registering my view that such a visit would be the quickest way of effectively building up a bilateral relationship. Without such an occasion, we will not register much in Iranian consciousness and could coast for years at a low level of contact. Canadian experience here has been just that.<sup>42</sup>

In November 1972, Hall's successor as ambassador, Henry White, also stressed his support for a high-level visit, but utilized the Canadian experience in a slightly different way. In a memo noting that Iranian officials – including Empress Farah – seemed to be hinting for such an invitation, White footnoted, "it may be of relevance that the Shah and the Empress have already paid two visits to Canada," as a way of prodding action on the part of Canberra.<sup>43</sup>

These observations by both Hall and White coincided with increased bilateral trade as well as the Shah's desire to reach out to other Indian Ocean countries as part of a broader economic, political and military strategy. The Iranian Foreign Ministry first spoke publicly about establishing an embassy in Canberra in March 1972 and began making the necessary arrangements. Ambassador Hossein Eshraghi presented his credentials in January 1973. Since then, both countries have maintained a continuous diplomatic presence in the other's capital city despite internal political changes or challenges encountered within the bilateral relationship. Political ties between the two countries progressed slowly – usually on the back of the expanding economic relationship. Increased Australian exports coupled with Iran's abundance of

petrodollars after the quadrupling of oil prices by early 1974 and their potential for investment purposes had all the markings of what a columnist for the *Canberra Times* termed “a charming little courtship.”<sup>44</sup>

## **The Shah visits Australia**

The new relationship’s importance was cemented by the Shah’s September 1974 state visit to Australia. The monarch’s itinerary, which also included Singapore, India, Indonesia and New Zealand, was heralded by *The New York Times* as ‘the most extensive tour he has ever made of nations to the east of his kingdom.’<sup>45</sup> It came at a time when buoyed by the quadrupling of oil prices and Iran’s military buildup, the Shah was seeking to exert more regional influence. With the British withdrawal from the Gulf, the Iranian Navy became the most powerful force in the region. In advance of the trip, the Shah floated august plans for a nuclear-free Middle East, a “zone of peace” in the Indian Ocean and a common economic market for the Indian Ocean region. He envisioned a prominent role for Australia within these grand designs.<sup>46</sup>

During his week-long stay Down Under, the monarch was met by loud demonstrations in Melbourne and Sydney that were critical of his repressive policies at home. At a news conference in Canberra, he was asked about “very serious allegations” made by groups including the Australian Council for Overseas Aid and the Australian Union of Students.<sup>47</sup> The Shah dismissed such criticism by noting that terms such as “political prisoner” and “terrorist” were in fact interchangeable.

On the official level, the Shah and Empress Farah received a much warmer welcome. They were hosted by Governor-General Sir John Kerr, state governors and premiers as they visited Queensland, New South Wales and Victoria. Prime Minister Gough Whitlam,<sup>48</sup> while acknowledging that “the contact between our two nations has hitherto been partial and patchy” also asserted that “inevitably it will become closer and more co-operative as our mutual interests merge.”<sup>49</sup> The next day at a news conference, Whitlam compared the shared dry climates of Iran and Australia and made reference to the abundant natural resources found in both countries. The left-of-center Prime Minister paid tribute to the fact that Iran wrestled control of these resources from foreign concerns and noted that Australian resources “have been predominately owned and controlled from overseas and we want to profit by the experience of Iran.”<sup>50</sup> Among the natural

resources issues discussed were Australian access to oil and Iranian access to Australian uranium. During the visit, the two states signed cultural and trade agreements. In the former, the two sides pledged cooperation in the fields of education, literature, music, theater, arts and sciences. In the latter, they spoke of facilitating and diversifying trade and technical cooperation. The trade pact also called for the establishment of a representative committee that would meet on a regular basis to facilitate joint efforts.

The Shah's visit was very quickly followed by what a clearly overtaxed Ambassador Ivor G. Bowden in Tehran termed an "Australian Fortnight in Iran."<sup>51</sup> Within a two-week period in March 1975, the Governor-General, Foreign Minister, Deputy Prime Minister, Agricultural Minister as well as the Queensland Agricultural Minister and Chairman of the Australian Wheat Board made official trips to Iran. This flurry of activity was also preceded by a February private stopover by then-Australian Council of Trade Union President (and future Prime Minister) Bob Hawke.

Governor General Kerr's state visit to Iran was included as part of a larger tour initially scheduled for Kerr to attend the coronation of the King of Nepal. Whitlam – who wanted to enhance the status of the Governor-General's Office – suggested to Kerr a broader itinerary that would also encompass India, Pakistan and Afghanistan, as well as Iran. Kerr and the Shah had established an excellent rapport during the monarch's September trip to Australia. Each man seemed eager to continue their dialogue during Kerr's reciprocal visit although both were aware of the limits of the Governor-General's ceremonial post. Despite this, the Shah expanded upon his Indian Ocean policy and consigned an important anchor role for Australia, along with Iran and Japan in his plans. The monarch also stressed the importance of expanding ties between the two countries. Kerr addressed this issue in a speech at the state banquet held in his honor:

For our part it is only recently – and not before time – that we have come to recognize the Middle East and the Persian Gulf as a region of significance in its own right and of relevance and importance to Australia. For too long it has been an area through which we passed, traveling between South East Asia in which we live and Europe where most Australians originated. It is only now that we are beginning to see ourselves as part of a wider region which embraces Iran also – a region in which the Indian Ocean is no longer a moat which separates us, but a highway which links us. And this new sense of having interests in common is opening our eyes to the scope that exists for co-operation between us, both bilaterally and in a broader range of shared problems and mutual concerns.<sup>52</sup>



Ambassador Bowden summed up the “Australian Fortnight” in a dispatch to Foreign Minister Don Willesee, stressing the considerable opportunities in expanding bilateral economic ties and noting that Iran was “keen to see this relationship develop beyond a simple trading one.”<sup>53</sup> However, Bowden also raised a potential stumbling block in the enhanced links between the two. The Ambassador cautioned that, “Iran will seek to extract a price from us for our enjoyment of a favoured trading relationship.”<sup>54</sup> And that “price” concerned Australian uranium. In assessing the various high-level Australian visits, Bowden stated:

Finally, and most emphatically, Iran’s interest in obtaining assured access to Australian uranium was made abundantly clear. The question was raised at every meeting from the audience with the Shah down...I consider it quite likely that Iran will seek to link progress in our trading and general economic relationship with our willingness to satisfy their needs in this area. Such a move could provide us with an opening for coming to some general understanding on oil supplies. While Iran has always insisted that oil is a ‘non-trade’ item and cannot be discussed in the context of trade negotiations, uranium has some parallels as a non-renewable energy source, and both are relevant to the broader field of economic co-operation into which our discussions are moving.<sup>55</sup>

Bowden’s observations about the significance of uranium to the Shah’s Government would later prove to be correct. The bilateral relationship suffered some strains over this issue as Canberra sought to couple a coherent policy on the export of uranium with a push for additional safeguard agreements with uranium recipients. The delays in formulating this policy were not well received in Tehran. Yet despite these differences, the economic bonds between the two countries deepened.

In 1975, Tehran proposed a Joint Ministerial Commission (JMC) to “increase and intensify trade and economic relations.”<sup>56</sup> The Australian government started exploring this possibility in earnest in early 1976. However, internal turf disagreements arose as to which Minister would have primary responsibility for the JMC if it was established – Foreign Affairs or Overseas Trade. The question of departmental responsibility remained unresolved even after the first JMC was held in Tehran in August 1976. Deputy Prime Minister J.D. Anthony (who also happened to be Minister for Overseas Trade) headed Australia’s delegation to this meeting. Following his return, Anthony reported to the Cabinet that Iran itself did not envisage the JMC “as encompassing the discussion of material outside the field of trade and economic relations.”<sup>57</sup>



With this understanding, in October 1976, the Cabinet endorsed Anthony as the Minister responsible for the JMC.

Trade between the two states continued to increase during the late 1970s; with Australia's sales to Iran nearing almost \$180 million in 1977-78. On the eve of the Islamic Revolution, Iran had emerged as Australia's 13<sup>th</sup> largest trading partner.<sup>58</sup>

## Endnotes

1. As Gareth Evans and Bruce Grant write, "Australia's foreign policy has been slow evolving. There were no revolutionary jolts of self-consciousness, and Australians clung to a British imperial view of the world rather longer than might have been expected of the brash and nationalistic people who created a nation for themselves in 1901." [See Gareth Evans and Bruce Grant, *Australia's Foreign Relations in the World of the 1990s*, 2<sup>nd</sup> Ed. (Carlton, Victoria: Melbourne University Press, 1995), 15.]
2. *Ibid.*, 275.
3. *Ibid.*, 18.
4. *Ibid.*, 19.
5. *Ibid.*, 20. (Emphasis in the original).
6. Australian Bureau of Statistics, "The Department of Foreign Affairs and Trade over the Century – A Chronology," in *Year Book Australia 2001*, <http://www.abs.gov.au/Ausstats/ABS@.nsf/> (accessed April 15, 2007).
7. See Department of External Affairs, "Inquiry Re. Iranian Representation in Australia," File No. 1.C. 45/87/1-2, 1945, found at The National Archives of Australia, <http://naa12.naa.gov.au/scripts/Imagine.asp?B=189736&I=1&SE=1> (accessed May 6, 2007).
8. Australia was selected as one of the 11 members of the UN Special Committee on Palestine (UNSCOP), and later Australia's H.V. Evatt was elected Chairman of the special Ad Hoc Committee of the UN General Assembly which considered the UNSCOP report. Australia voted for partition of British-Mandate Palestine.
9. For an excellent account of this period, see Christopher Waters, "Australia, the Security Council and the Iranian Crisis of 1946: Liberal Internationalism in Practice," *Australian Journal of Political Science* 28, no. 1 (1993): 83-97.
10. Between April 22 and May 13, 1968, delegates from Australia joined Canada and nearly 80 other countries in Tehran at an International Conference on Human Rights, the capstone event of the International Year for Human Rights. Australia's

- delegation, headed by Attorney-General Nigel Bowen, also included a future foreign minister, Andrew Peacock.
11. Laurence McIntyre, "Reflections on Australian Diplomacy," in *Independence and Alliance: Australia in World Affairs 1976-1980*, eds. R.J. Boyce and J.R. Angel (Sydney: George Allen & Unwin and The Australian Institute of International Affairs, 1983), 314.
  12. See Government of the Commonwealth of Australia, Department of Foreign Affairs and Trade (2002) *Direction of Trade Series 2000-01: One Hundred Years of Trade*, 3-5, [http://www.dfat.gov.au/publications/stats-pubs/direction\\_trade\\_time\\_0001.html](http://www.dfat.gov.au/publications/stats-pubs/direction_trade_time_0001.html) (accessed April 15, 2007). While trade volumes in this report are expressed in 2001 A\$ (\$31,924,000 from Iran: \$2,560,000 from Australia) and not actual 1951 figures, the ratio of trade remains the same.
  13. Australian National Archives, Persia-Relations with Australia 1950-1963, A1838, 193/10/1 Part 1, Department of External Affairs to Australian High Commissioner's Office, London, October 16, 1951.
  14. *Ibid.*
  15. Egypt, France, New Zealand, South Africa, Turkey and the US were also invited to join. Among the reasons the Middle East Command never got off the ground was Egypt's refusal to participate, and without Egyptian participation, other Arab states refused to join as well.
  16. Australian National Archives, Persia-Relations with Australia 1950-1963, A1838, 193/10/1 Part 1, Department of External Affairs to Australian High Commissioner's Office, London, October 16, 1951.
  17. See "Australia Sells Its Oil Interests," *New York Times*, September 27, 1952, 27.
  18. By this time too, Canberra was looking to meet its oil supplies from regional exporters such as Indonesia and its own burgeoning domestic production which would, by the early 1960s, be supplying more than 75 percent of Australia's oil needs. See Margaret E. McVey, "Australia's Middle East Foreign Policy," *World Review* 17, no. 3 (1978): 52.
  19. Australian National Archives, Iran-Protection of Australian Interests in Iran, 1952-1955, A1838, 1520/44/3, Australian Consulate-General, Geneva to the Secretary, Department of External Affairs, November 13, 1952.
  20. John Knight "Australia and the Middle East: A Note on the Historical Background, 1947-1972," in *Australia and the Middle East: Papers and Documents*, eds. John Knight and Gunther Patz (Canberra: Australian Institute of International Affairs, 1976), 7.
  21. Quoted in Evans and Grant, 24.

22. Osgood Caruthers, "Nasser is Cordial as Menzies Group Offers Suez Plan," *New York Times*, September 4, 1956, 1. For a good account of the Menzies Mission, see Norman Harper, "Australia and Suez," in *Australia in World Affairs 1950-55*, eds. Gordon Greenwood and Norman Harper (Melbourne: F.W. Cheshire, 1957), 341-356.
23. After Egypt broke diplomatic relations with Australia, Canada represented Australian interests in that country. Cairo had also severed ties with London.
24. Australian National Archives, Persia-Relations with Australia 1950-1963, A1838, 193/10/1 Part 1, F.H. Stuart, Consular & Protocol Branch to The Secretary, Department of External Affairs, November 2, 1956.
25. *Ibid.*
26. Australian National Archives, Persia-Relations with Australia 1950-1963, A1838, 193/10/1 Part 1, "Iran-Exchange of Diplomatic Representation," Landale, Consular and Protocol Branch to the Secretary, Department of External Affairs, c June 1960.
27. Australian National Archives, Persia-Relations with Australia 1950-1963, A1838, 193/10/1 Part 1, 'Record of Conversation with Mr. Vahid,' R.L. Harry, July 7, 1960.
28. *Ibid.*
29. *Ibid.*
30. Australian National Archives, Persia-Relations with Australia 1950-1963, A1838, 193/10/1 Part 1, "Proposed Visit to Teheran by Senator Paltridge."
31. *Ibid.*
32. Australian National Archives, Persia-Relations with Australia 1950-1963, A1838, 193/10/1 Part 1, Department of External Affairs to Australian High Commission, London, January 27, 1961. (Emphasis in original).
33. *Ibid.* (Emphasis in original).
34. As the wedding day approached, External Affairs considered how to mark the occasion and questioned whether a message and/or gift should be sent. Given the importance of Iran, the Department recommended a message but not a gift be forwarded to the Shah. In terms of 1950s royal weddings, this placed Iran in importance somewhere between Japan, whose crown prince received both message and gift on his wedding day and Monaco, where Prince Rainer received neither message nor gift when he married Princess Grace. See Australian National Archives, Persia-Relations with Australia 1950-1963, A1838, 193/10/1 Part 1, "Message for Wedding of Shah of Iran," Department of External Affairs to The Secretary, December 8, 1959.

35. Gordon Greenwood, "The Political Debate in Australia," in *Australia in World Affairs 1966-1970*, eds. Gordon Greenwood and Norman Harper (Melbourne: Australian Institute of International Affairs, 1974), 32.
36. Quoted in Tore T. Petersen, *The Decline of the Anglo-American Middle East 1961-1969* (Brighton: Sussex Academic Press, 2006), 84.
37. *Ibid.*, 114.
38. *Ibid.*, 112.
39. Australian National Archives, Tehran External Relations with Australia, Economic, Commercial 15/02/1969 – 18/11/1976, A9637/3, 221/4/3-1, "Australian Exports to Iran (hand-written pages)."
40. *Ibid.*
41. Australian National Archives, Tehran Annual Reviews 15/07/1969-15/7/1976, A9637/2, 221/4/1/1, Report on Relations with Iran, January 1970-January 1971.
42. Australian National Archives, Tehran Annual Reviews 15/07/1969-15/7/1976, A9637/2, 221/4/1/1, Hall to Assistant Secretary Peter Henderson, External Affairs, April 6, 1972.
43. Australian National Archives, Tehran External Relations – Iranian Visitors to Australia, The Shah and Related Visits 20/11/1972-01/09/1974, A9637/3, 221/4/6/1-1, Ambassador White to the Secretary, November 20, 1972.
44. Gay Davidson, "Australia and Iran: A Burgeoning Courtship," *Canberra Times*, May 31, 1974, 2.
45. James F. Clarity, "Shah Leaves Iran on Eastern Tour," *New York Times*, September 19, 1974, 6.
46. India rejected the notion of a common market in 1974, asserting that such an economic union would be dominated by Australia. During a 1978 visit to India, the Shah revived the common market proposal. Although in the 1978 version Australia was not included in the initial core member states, the Shah indicated that Australia "might" be asked to join in the "longer term." See Ralph Joseph, "Shah Looks Again at South Asia; Market Proposal Revived," *Canberra Times*, March 8, 1978, 6.
47. James F. Clarity, "Shah Is Questioned on Issue of Political Prisoners in Iran," *New York Times*, September 30, 1974, 6.
48. As Leader of the Opposition, Whitlam visited Iran in December 1971 and met with Foreign Minister Abbas Ali Khalatbari.
49. "Parliamentary Lunch for the Shahanshah" (September 25, 1974), remarks found at the Whitlam Institute's Prime Ministerial Collection, <http://library.uws.edu/whitlam/index.htm> (accessed May 15, 2007)..

50. 'Interview of Prime Minister by the National Iranian (sic) Radio and Television – Thursday 26 September 1974' found at the Whitlam Institute's Prime Ministerial Collection, <http://library.uws.edu/whitlam/index.htm> (accessed May 15, 2007).
51. Australian National Archives, "Tehran Visit of Governor General to Iran 26/02/1975-26/05/1977, A9637/3,221/4/7/8-2," Dispatch from Bowden to Foreign Minister Willesee, March 26, 1975.
52. Australian National Archives, Tehran Visit of Governor General to Iran 26/02/1975-26/05/1977, A9637/3,221/4/7/8-2, "Speech Delivered [by Governor General Sir John Kerr] at the State Banquet in Tehran on Saturday March 8 [1975]."
53. Australian National Archives, Dispatch from Bowden to Foreign Minister Willesee, March 26, 1975.
54. Ibid.
55. Ibid.
56. Australian National Archives, Cabinet Minutes, Decision Number 1623, Australian/Iran Joint Ministerial Commission, October 12, 1976, 2 found at National Archives of Australia, <http://naa12.naa.gov.au/scripts/ItemDetail.asp?M=O&B=7426874>. (accessed May 6, 2007).
57. Ibid., 4-5.
58. Indyk, 75.



## Chapter Two

### **Australia and the Islamic Republic**

As the revolution unfolded in Iran, Malcolm Fraser's government initially appeared indifferent to the implications of the unrest for Australia. It was only after martial law was declared in November 1978, that the government publicly voiced concern about the strategic impact of the revolutionary instability on Western oil supplies;<sup>1</sup> the safety of Australians in Iran;<sup>2</sup> as well as the disruption of trade between the two countries. Noticeably absent was any expression of support for the Shah. As Martin Indyk suggests, "This was not so much a matter of Cabinet deciding to distance Australia from the Shah's regime as it was a matter of Cabinet not considering the Shah's fate at all."<sup>3</sup> However other analysts, such as Henry Albinski, hold "that well before Washington came to grips with the strength of discontent in Iran, Australia had concluded that the Shah's popularity was thin, and that his system was precarious."<sup>4</sup> Whatever the reason, lack of open support for the Pahlavi regime positioned Australia well to deal with the new Iranian government following the Shah's fall from power.

#### **Australia and the New Revolutionary Regime**

The first public indication of Australia's views on a post-Shah Iran did not take place until mid-February 1979, when Foreign Minister Andrew Peacock announced Canberra's recognition of Mehdi Bazargan's provisional government. "It was essential," Peacock stated in a news release, "to take account

of the recent political changes in Iran and the clearly expressed wishes of the Iranian people. The pursuit by the new government of a more nationalist and non-aligned approach than its predecessors in its foreign relations should not exclude beneficial co-operation with Australia and other Western nations.”<sup>5</sup> The Fraser government had decided, in Indyk’s words, to “take a pragmatic view of the revolution.”<sup>6</sup> In the same press release mentioned above, Peacock lauded Bazargan’s “preparedness” in securing the release of US diplomatic personnel following the brief takeover of the American embassy earlier in February.<sup>7</sup> While over the next few months, the Foreign Minister would speak out against secret revolutionary trials and “deplore” the execution of former regime officials,<sup>8</sup> these statements did not seem to harm larger bilateral relations. Indeed trade between the two countries, which had been disrupted by the revolutionary turmoil in late 1978, resumed in earnest by mid-1979.

In June, Deputy Prime Minister and Minister for Trade and Resources, J.D. Anthony announced, “Iran has re-entered the meat trade with Australia with the biggest single order ever signed with Australia for the supply of lamb.”<sup>9</sup> This contract – the first major trade agreement signed by Revolutionary Iran – was worth \$20 million. It came about after Anthony had invited an Iranian delegation to Australia to inspect the meat industry to satisfy Iran that procedures met Islamic requirements regarding the handling and slaughter of livestock. In September, Iran and Australia would also ink a wheat deal in which the latter would provide over half a million metric tons of grain to Iran.<sup>10</sup> A second agreement raised total Australian wheat shipments to almost a million tons. This allowed Iran to cover grain shortfalls caused by Tehran’s decision to downgrade its trading relationship with the US (which had previously provided 80 percent of Iran’s wheat imports) as well as fill in gaps which were a result of the revolutionary disruption in its own agricultural sector brought on by the turmoil. At this point Iran was importing 30 percent of its food. The various trade contracts signed with the Bazargan government would push the value of Australian exports to Iran to record levels and make it that country’s largest food supplier. For 1979-80, Canberra exported \$252 million worth of products to Iran which was a 40 percent increase from the previous high set prior to the revolution.<sup>11</sup>

It is also notable that the loss of US intelligence gathering stations in Iran previously used to detect Soviet missile tests enhanced the importance of American monitoring facilities in Australia.<sup>12</sup> While American setbacks regarding Iran in economic and strategic matters may have resulted in some net gains for Australia, the strained and often hostile relationship between



Washington and Tehran would soon force Canberra to choose the US side. This dilemma was clearly demonstrated following the November takeover of the US Embassy by revolutionary mobs, an action that was later sanctioned by the Iranian government.

### **Australia, US Hostages and Sanctions**

Australia was a frequent and vocal supporter of the US in the unfolding hostage crisis. Its diplomats in Tehran joined other Western envoys in condemning this grave breach of international law to the Iranian Foreign Ministry, while Peacock expressed similar objections to the Iranian Chargé d'Affaires stationed in Canberra. Australia rallied reluctant actors such as Japan to denounce Iran's actions, and at the UN, its ambassador supported measures calling for the immediate release of the detained Americans. However, as diplomacy failed to resolve the crisis and US rage with the situation grew with each passing day of captivity, Washington began to pressure its allies to follow the US in imposing economic sanctions on Iran.

Understandably, Canberra wanted to do its part by supporting the US and securing the hostages' release, but it was also hesitant to adopt all-encompassing trade penalties which would include an embargo on food sales. This reluctance reflected the agricultural sector's heavy influence upon major political players, led by Deputy Prime Minister Anthony, in the Liberal-National Country Party coalition government. Anthony argued that such a policy would undermine the country's reputation as a reliable trading partner; have the undesired effect of weakening moderates in Iran, and potentially create further instability which would only benefit the Soviet Union. The Frazer government was also upset over American extraterritorial efforts to extend the US freeze on Iranian government bank deposits to US bank branches overseas, including Australia.<sup>13</sup> Iran's government also weighed in on the issue of sanctions. Ayatollah Khomeini's representative in Australia, Mohammed Menhaj, stated that his country would stop importing sheep if Canberra joined in the trade embargo.<sup>14</sup> Menhaj's threat was meaningful since it was his responsibility to supervise the meat exports from Australia and certify that they met Islamic standards.

Caught between alliance partners and trade interests, Canberra conveyed its reservations about sanctions to Washington.<sup>15</sup> After receiving similar feedback from other allies, the Carter Administration decided to give negotiations another

chance, but did call on its friends to consider enacting a trade ban on everything but food and medicines. Washington also suggested that its allies withdraw their ambassadors from Tehran and possibly even sever diplomatic ties.

The Frazer government took up the latter issue in Cabinet. Making this decision easier was the fact that Ambassador Marshall Johnston had already ended his tenure in Tehran and had been cross-posted to Athens. The government decided not to immediately replace Johnston as ambassador and instead leave its Chargé d'Affaires, Kevin Boreham, in place as the top diplomat. Canberra did agree, however, to recall Trade Commissioner Terry Hunt, with Boreham filling this position in a de facto capacity. Even after the US severed diplomatic ties with Iran in April, Australia chose to keep its downgraded diplomatic team in place and not to break relations. Peacock reasoned that "there is some benefit to the West in continuing a presence in Iran."<sup>16</sup> In a later news release, the Foreign Minister also argued that representation was important to: 1) maintain a channel for pressing Australian views on the Iranian authorities 2) to keep a flow of reporting on developments in Iran and 3) to protect Australian interests.<sup>17</sup> Throughout the hostage crisis, Peacock would repeatedly stress his country's "repugnance" regarding Iranian actions.<sup>18</sup>

When the issue of sanctions was placed back on the table following the failed US military rescue of the hostages later in April, Australia knew it would have to offer the Carter Administration some concessions in order to avoid a breach in the relationship and perhaps forestall further US military actions in the region. It was therefore with a sense of relief that America's European partners seemed to be embracing sanctions on everything but food and medicines. Canberra joined these efforts and announced it would embargo non-food items, which included wool, steel, machinery and manufactured goods. Similar to the European sanctions, the Australian policy would go into effect in three weeks if Iran did not show significant progress toward releasing the hostages. "The Government," Peacock noted, "considered that these actions provided a significant demonstration of the solidarity of the United States' principal allies at this time of great difficulty for the United States."<sup>19</sup>

In implementing the sanctions on May 17, the Frazer government imposed a total ban on non-food items without conditions. This action set Australia apart from various European actors who parsed the sanctions by having them apply only to new contracts or ones entered into after November 4, 1979, the day the US Embassy was seized. Australia made it clear that the sanctions would remain in place until the hostages were released. Canberra

hoped that this show of solidarity would forestall any future US attempts to extend sanctions to included foodstuffs. Such a move would create difficulties within the governing coalition as evident in a speech Anthony gave to a National Country Party gathering in which he termed a potential food embargo as “a grave and hostile act” against the people of Iran.<sup>20</sup> In the end, Canberra did not economically suffer to the same degree as the Europeans or Japanese who had huge petroleum and/or manufactured goods contracts with Iran. Australia had taken a strong stance against the detention of the Americans, but unlike other players, did not pay a significant commercial price, since most of its trade with Iran was in foodstuffs.

While the Australian imposition of trade sanctions was a show of public support for the Carter Administration, Canberra offered a measure of private advice to the US government. The Australian embassy in Washington relayed a message suggesting that the elevated and almost exclusive attention paid to the hostage issue by the US had given its American ally “tunnel vision.”<sup>21</sup> Washington was urged to downplay the crisis and focus more on the larger regional strategic considerations present as a result of the Soviet invasion of Afghanistan. However, even for Australia, the hostage crisis colored its political relationship with Iran. As long as the Americans were being held captive, “there was nothing else to talk with the Iranians about,” recalled Chargé Boreham.<sup>22</sup> The challenge at the time for Boreham and his embassy colleagues was to keep the trade relationship going while dealing with the implications of the hostage issue. The Chargé was sometimes called to the Foreign Ministry in 1980 to explain Peacock’s strong statements. Boreham notes that the Iranian attitude was “frosty” after Canberra imposed non-food sanctions, but despite Australia’s actions there was “no damage” to bilateral trade in the wheat and meat sectors.<sup>23</sup> Indeed in 1980, almost 1.5 million live sheep (30 percent of the overall total exported to the Middle East) were shipped to Iran, making it the largest regional market for Australia.<sup>24</sup> Additionally that year, Iran ranked 21<sup>st</sup> in terms of Australian export markets worldwide.<sup>25</sup>

There was some hope in July, that the death of the ex-Shah in Egypt might create an opening for resolving the crisis. When it did not, Peacock expressed “disappointment” in Iranian government inaction and admonished Tehran for losing “sight of the original motivation for this flagrant break of international law, the demand for the extradition to Iran of the Shah.”<sup>26</sup> With little fanfare, Australia joined the US, UK and several other Western countries in having low-level diplomats attend the funeral in Cairo. But as the *Melbourne*

*Age* reported, they “stayed in the background” so as not to anger the Iranian government.<sup>27</sup> The Fraser government in July also decided to leave Australia’s diplomatic representation indefinitely under a *chargé*.

In the month after the ex-Shah’s death, Boreham joined eight other heads of mission in meeting Majlis Speaker Hashemi Rafsanjani and called for parliamentary action to release the hostages.<sup>28</sup> However, it would be other states, namely West Germany and Algeria, which mediated an end to the US-Iranian standoff. Even after the Americans were released on January 20, 1981, the political relationship between Iran and Australia remained cool. Boreham recalls that the embassy hosted an Australia Day celebration on January 26. Few of the invited Iranian officials bothered coming and those that did quickly left when it became apparent that Iranian government attendance was sparse. The *Chargé* later learned that India’s Republic Day gathering, held on the same date, was well attended by Iranian officialdom.<sup>29</sup> India had not imposed sanctions on the Islamic Republic. As Boreham concluded at that time, “my decision to hold an Australia Day celebration was a misjudgment because it tested the relationship with Iran in a public and unproductive way when sustaining and developing working level relations would have been more effective.”<sup>30</sup>

The release of the hostages removed the underlying reasons for sanctions. As such, in early 1981, Canberra announced it was ready to resume trade in non-foodstuffs with Tehran and restore normal diplomatic relations between the two states. Trade Commissioner Hunt returned to Iran and it seemed likely that the diplomatic representation level would rise as well. The Cabinet decided in May to send an ambassador back to Tehran, but left the timing of this move to the Foreign Ministry.

## **Trade and the Iran-Iraq War**

While the resolution of the hostage crisis provided a start for repairing the strained Australian-Iranian political relationship, an even bigger impediment to trade ties came up with the Iran-Iraq war that erupted in September 1980. Prior to the war (fiscal year 1979-80), Iran and Iraq were Australia’s top two markets in the Gulf region. However, within a year, the conflict reduced Australian exports to Iraq by 74 percent and those to Iran declined by almost 22 percent.<sup>31</sup> Because of the war, major Iraqi and Iranian ports were closed to commercial shipping and even when ports, such as Iran’s Bandar Khomeini, reopened, the higher insurance rates and fears of attack made the cost of utilizing the

facilities prohibitive. Beyond the shipping challenges caused by the conflict, Iran experienced a decline in foreign reserves which adversely impacted its trade by making it more difficult to pay for items ordered.

Outside of commerce, an Australian parliamentary report noted, “Australia has no direct strategic interest in the Gulf. It does however have a common concern with other non-communist, industrialized countries to secure a continued supply of oil and protect its economic viability to enable the continued export of goods and services.”<sup>32</sup> To that end, in 1980, Australia did dispatch the HMAS *Melbourne* and escort vessels to the Indian Ocean in support of US efforts to protect shipping through the Strait of Hormuz. Although at the last moment, Canberra pulled back from participation in naval exercises with its allies in that general region.

On the political level, William Fisher replaced Boreham in January 1982. Fisher was appointed as Chargé d’Affaires en pied, rather than the Chargé d’Affaires ad interim title held by Boreham. This diplomatic distinction signaled Canberra’s political decision not to dispatch an ambassador. Diplomatically, Chargé d’Affaires ad interim suggests that the person is merely filling in between ambassadors, while the “en pied” designation implies that an ambassador will not be sent soon. As one Australian diplomat noted about the early 1980s period, “The Fraser Government had pursued a policy approach towards Iran, very much driven by both the Prime Minister himself and the then Foreign Minister Tony Street, of distancing itself from the Iranian regime...[it] was in lock-step with the US Government on this and other Iran issues at that time.”<sup>33</sup> Indeed, rhetorical exchanges over issues such as terrorism, human rights and treatment of Iranian minorities (especially the Bahais) rose to such a level between the two countries that, in 1982, the Fraser government seriously considered expelling Iran’s top diplomat in Canberra because of his belligerent nature.

When Fisher left Tehran in early 1983, John Dauth became Australia’s Chargé d’Affaires en pied. His posting coincided with a change in government in Canberra. Labor’s Bob Hawke was now Prime Minister and he had appointed an “assertive” Foreign Minister in Bill Hayden.<sup>34</sup> The new Foreign Minister “wanted to look in a more imaginative way at our bilateral relations with Iran and, in particular, wanted to explore the possibilities of expanding trade relations,” said one diplomat.<sup>35</sup> As a consequence, trade ties increased under Labor’s stewardship. Wheat Board representatives paid numerous calls in Tehran, and in 1984, Minister for Primary Industries John Kerin became

the first Australian cabinet minister to visit Iran since the revolution. Kerin was received by many senior governmental officials, including Foreign Minister Ali Akbar Velayati. He found that Iran's main interest at the time was in the area of agriculture, and Kerin addressed various different audiences on dry land agriculture and water management issues. There were suggestions by some of his Iranian listeners that the Minister speak about "Islamic agriculture." Kerin recounts, "When I asked what 'Islamic agriculture' was, they said anything that didn't relate to agricultural practices under the Shah."<sup>36</sup> During his long tenure under Labor governments, Kerin would make three trips to Iran either in the Primary Industries portfolio or later as Minister for Overseas Trade and Development.

The heightened political contact with the Islamic Republic would set Canberra apart from its US ally. Indeed, this marked a shift in Australian attitudes toward Iran which was reflected in a policy review initiated by the Foreign Minister. In recounting this shift, Hayden stated that it produced a more "open-minded attitude towards our foreign relations with Iran, although we were, and certainly I was, never under any misapprehension about so many distasteful aspects of the way in which that country's affairs were conducted."<sup>37</sup> He wanted Australia to move beyond "following US policy towards Iran rather slavishly" which he associated with the previous Fraser Government.<sup>38</sup>

One area in which Australia pursued a more nuanced policy distinct from that of the US was concerning the Iran-Iraq War. Washington, although "neutral" in declaratory policy, tilted toward Iraq in its operational approach. The Reagan Administration clearly saw Iran as the greater threat among the two combatants and often overlooked or downplayed some of the more belligerent actions perpetrated by Iraq. Baghdad's use of chemical weapons against Iranian forces was a case in point. In 1984, Dauth dispatched a report about poison gas being used on the battlefield. "Appalled" at what he read, Hayden became involved in the chemical weapons debate that was just emerging within the international community.<sup>39</sup> To this end, Canberra supported UN efforts to shine light on the use of such weapons in the Gulf conflict. As Dauth asserts, "Australia and Bill Hayden, personally, played a leading role in galvanising international focus on this."<sup>40</sup>

A prominent Australian scientist, Dr. Peter Dunn, headed the investigation team sent by the UN to the war zone. In March 1984, Dunn and his colleagues inspected battle sites and armament remnants as well as interviewed Iranian soldiers caught in the attacks. The Dunn mission

documented Iraq's use of chemical weapons, thus legitimizing some Iranian claims that had remained unacknowledged by the international community up to this point. Two subsequent visits to the region by Dunn and his team in 1985 and 1986 further chronicled Iraq's war methods.<sup>41</sup> As one Australian diplomat underscored, "Iranian authorities were most favourably impressed with Dr. Dunn's unbiased professional contribution to the investigations," and as a consequence there was a small reservoir of goodwill established between Australia and Iran because of these efforts.<sup>42</sup> The last Dunn mission led to a UN Security Council statement (S/17932) in 1986 specifically condemning Iraq's continual usage of such weapons. Australia, which at that time held a temporary seat on the Council, supported the statement and earlier that year had helped draft UNSC Resolution 582. This resolution was notable because it deplored the initial actions by Iraq (without naming it) that gave rise to the conflict. Iran had long demanded that blame for the war be attributed before Tehran would consider a ceasefire. However, for Iran, the resolution did not go far enough and the war continued. In addition to taking the lead on chemical weapons issues, Australia also spoke out against military arms sales to the Gulf belligerents. In his speech at the opening of the 41<sup>st</sup> session of the General Assembly in 1986, Hayden publicly chastised member states for providing weapons to the protagonists.

Throughout the 1980s, Australian policymakers and diplomats would brief US officials on Iran. Given the lack of a US embassy (and at that time neither the British nor the Canadians had missions open either), Australia was the only country among America's closest allies with high level contact. When passing through the US on to other postings or visiting Washington specifically for this purpose, Australians familiar with Iran briefed senior American officials on developments within the Islamic Republic. Cables and reports sent to Canberra or the Australian Embassy in Washington were also frequently shared with US policymakers. As Dauth recalls, "The Americans were always grateful for the debriefings I gave them and were always a bit startled when I talked of having, for example, met then-Speaker of the Parliament Rafsanjani."<sup>43</sup> By sharing this type of information which Washington did not have first-hand access to, Australia demonstrated another level of importance in its relationship with the US as well underscored the value of actually maintaining diplomatic representation in Iran.

As exports to Iran increased – over 50 percent between 1983-84 and 1984-85 – Australia moved to upgrade the political relationship with Iran



as well.<sup>44</sup> This was in line with general government thinking at the time that “regarded trade diplomacy and foreign economic policy as lying at the core of Australia’s national interests.”<sup>45</sup> In July 1985, the Hawke government announced its decision to return an ambassador to Tehran after a five-year absence. In a statement accompanying the appointment of John Lander as the new Ambassador, Hayden remarked that this move “reflects the steady improvement in Australian-Iranian relations during recent years and the Government’s hope to maintain and further this process. Australia enjoys a sound trading relationship with Iran and believes there are good prospects for an expansion in this area.”<sup>46</sup> In addition to the reasons outlined by Hayden, another political factor weighing in this decision was Canberra’s diplomatic ties with Iraq. Australia had an ambassador in Baghdad. To demonstrate strict neutrality between the two states, it was important to have representation at “equivalent level” in both capitals.<sup>47</sup> This move contributed to an Iranian perception of Australia exhibiting an even-handed approach to the Iran-Iraq war at a time when Tehran viewed the US and key European states as backing Iraq in the conflict.

Prior to arriving in Iran, Lander completed a crash course in Farsi. The posting itself was delayed by the war. He waited for almost a month in London for Iraqi attacks on Tehran to cease before it was safe to travel there. When he actually presented his diplomatic credentials to President Ali Khamenei, Lander did so in Farsi. The president informed him that this was a first among Western diplomats and it got the enhanced bilateral relationship off to a good start.<sup>48</sup> He would make other speeches in Farsi during his tenure as ambassador. Since his remarks did not need translation, they received wider coverage on Iranian television and “hence wider goodwill.”<sup>49</sup> As Lander explained, “These small personal gestures contributed to a greater frankness and confidence in my dialogue with Ministers and officials.”<sup>50</sup> During Lander’s time in Tehran, trade increased and cooperation in areas as diverse as dry-land farming and geological engineering assistance in water storage dam repair formed key aspects of the commercial relationship.

Political ties were further enhanced by Australia’s efforts during 1987 to change the international approach to the question of human rights in Iran. Ambassador Lander advised Canberra about Tehran’s contention that it would allow inspection by the UN Human Rights Commission, so long as the resolution calling for such inspections did not include a clause explicitly condemning Iran’s human rights situation. As Velayati told Lander, “The judgment should come



after the trial.”<sup>51</sup> The ambassador recommended that the international community should at least call Iran’s bluff. Australia, accordingly, worked hard to have such a resolution adopted in Geneva. Although in the end it was narrowly defeated, due to strong pressure by the US on a number of member states to either vote against or at least abstain, the Iranians were deeply gratified at Australia’s efforts at even-handedness on this issue.<sup>52</sup>

In April 1987, a satirical skit on the Australian ABC program, *The Dingo Principle*, provoked a diplomatic incident between the two countries and threatened to derail the deepened relationship. Following ABC’s broadcast of a mock interview with the Ayatollah Khomeini, Ambassador Lander was called in by Iranian authorities who protested the insult on the Ayatollah’s dignity. Tehran did not accept Lander’s explanation that ABC was independent of Australian government control. Nor did Iran accept Hayden’s portrayal of the skit as part of Australian culture. “We advised the Iranians after the program,” the Foreign Minister said, “that they should understand lampooning with irony and satire is part of the way of life in Australia. They don’t want to understand it, because they find it alien to the sort of Calvinistic disciplines and way in which they respond to things.”<sup>53</sup> In retaliation for the skit, Iran expelled the Australian Trade Commissioner and the embassy’s First Secretary. The Hawke government considered ordering some Iranian diplomats to leave Canberra. Lander successfully argued against these moves, fearing the tensions could escalate to such a point that embassy staff in Tehran might be placed in peril; such had been the course following similar types of humor broadcasts in West Germany and Italy. Violent public demonstrations erupted outside their embassies in Tehran. In the end, Australia was not subject to similar outbursts. Lander was later told that Iranian Foreign Ministry officials had spoken against such actions within governmental circles because of the goodwill he had fostered as ambassador. Lander had been scheduled to leave shortly for a new posting as Consul-General in Shanghai, but Hayden pressed him to stay in Tehran. Lander went to work to repair the bilateral relationship before the increasingly poisonous atmosphere impacted Australia’s lucrative trade with Iran. However, another casualty of the skit incident was a planned visit to Iran by Hayden. A foreign-minister led delegation would have been the highest-level Australian mission to come to Iran since the Revolution. Planning stopped after the April broadcast.

Increased attacks on Gulf shipping and the laying of mines in these waterways also became issues in the Iranian-Australian relationship in late 1987.

Canberra's support of US military actions to uphold freedom of navigation in the Gulf angered Tehran. That Australia was considering an American request to participate militarily in protecting international shipping also was not well received. Interestingly, while Washington identified Iran as the greatest threat to commercial shipping, the Australian-flagged *Shenton Bluff* was accidentally attacked by Iraqi forces in October.<sup>54</sup> As assaults on Gulf shipping continued, the Hawke government weighed ways to protect its important economic interests while at the same time honoring its alliance commitments with the US. Additionally, military participation had the potential of dragging Australia deeper into the conflict and compromising its neutral stand between Iran and Iraq. Iranian officials told Lander that if Australia joined militarily it would be tantamount to "joining the enemy" and Tehran could not trade with the enemy.

Within Australian governmental circles, especially those involving diplomats at its embassies in Washington and Riyadh, policymakers suggested that Canberra's military participation would foster US ties and increase the trade potential with Arab Gulf states. The Australian Wheat Board took the position that, because of difficult and expensive changes to flour-making technology that would be occasioned by alternative sourcing of wheat supplies, it was unlikely Iran would cancel its then-\$300 million in wheat purchases. Lander recalls, "In my submission to the Government in Canberra I was quite adamant that Iran had already been known to 'cut off its economic nose to save its political face' (making the AWB's view too risky) and that unless the Gulf States were prepared to guarantee to replace the value of lost trade with Iran, Australia should continue to adhere to its policy of strict neutrality."<sup>55</sup> In the end, Canberra decided not to take immediate steps and soon events in the Gulf would make the debate a moot point.

Foreign Minister Hayden finally did go to Iran in August 1988. While there he met with Foreign Minister Velayati, Prime Minister Mousavi and President Khamenei.<sup>56</sup> Commercial ties were the prime impetus for Hayden's visit. Among the items agreed upon by the two foreign ministers was the need for diversification of goods and services between the two states. They also put in place plans for a joint trade committee which would finalize a new trade agreement.<sup>57</sup> Of particular concern for Canberra was Tehran's resolve to increase its own agricultural production. With the possibility of larger Iranian wheat harvests as well as additional international competitors circling the Iranian market, including Canada who had just restored diplomatic relations with Tehran, Australia worried about its \$475 million annual trade with the Islamic

Republic. Almost three quarters of this activity was in the wheat sector.<sup>58</sup> In addition to human rights and the Iran-Iraq War, Hayden raised the issue of Western (in particular British) hostages held in Lebanon and requested that Tehran use its influence to help secure their release.<sup>59</sup> The Foreign Minister's visit did not go off without some hitches. As Hayden recalls, "Although we tended to be upfront and ahead of most countries of the world in our dealings with Iran, the Iranians clearly harboured suspicions about us. We were able to tell, through security checks, that they had broken into our embassy...opened our safe and went through its contents...they conducted one such break-in then."<sup>60</sup>

Hayden's visit coincided with Iran's unexpected acquiescence to a ceasefire agreement with Iraq, thus ending the eight-year war. During his talks with Khamenei, the President praised Australia's stand on Iraq's usage of chemical weapons as "bold and positive" and suggested such positions would help build future ties between the two countries.<sup>61</sup> As Hayden was the first foreign minister from any state to call on Iran since the ceasefire as well as the first Western foreign minister to visit Tehran in almost three years, the *Sydney Morning Herald* noted, "The record of his conversation will be examined in Washington as well as in Canberra."<sup>62</sup>

Within days of Iran's acceptance of the ceasefire, the UN established a peacekeeping force to supervise the military withdrawals and to monitor the border. Australia contributed a contingent of 16 observers to these international efforts.<sup>63</sup> The Australian military personnel would be stationed only on the Iranian side of the border, because Baghdad vetoed their presence on Iraqi territory. Apparently Saddam Hussein's regime still harbored ill feelings toward Canberra because of the earlier Dunn Missions and their documentation of Iraq's use of chemical weapons.<sup>64</sup>

## **Australia and Gulf War II: Iraq's Invasion of Kuwait**

The period following Foreign Minister Hayden's visit coincided with a flurry of post-war reconstruction in Iran and the gradual re-opening of Iran to the West which was closely associated with the political ascendancy of Rafsanjani. It was also a time of deepening and widening bilateral ties, despite blips in the relationship over matters such as the Rushdie affair. While the uproar over Ayatollah Khomeini's fatwa against the British-Indian author Salman Rushdie and his *The Satanic Verses* was less pronounced in Australia than in North America or Europe, the fatwa was roundly condemned by the

Hawke government.<sup>65</sup> Canberra, however, did not withdraw its ambassador to Tehran as Canada or most EC countries did because of the death sentence. Yet, even with the intensity of feelings on both sides of the Rushdie affair, Australia and Iran continued to forge greater economic cooperation.

By 1990, the two states decided to resurrect the moribund Joint Ministerial Committee for the first time since the Revolution. The significance of the committee was reflected in DFAT views which deemed such entities:

important mechanisms which allow both parties to review their performance in the context of the articles of the bilateral trade or economic relationship, to address potential irritants in the relationship, and to agree on forward-looking measures to foster the bilateral relationship.<sup>66</sup>

The 3<sup>rd</sup> JMC convened in Tehran in August 1990 against the backdrop of international tension brought on by Iraq's invasion of Kuwait. At the time, Canberra was joining the global sanctions regime against Baghdad, it was signing new trade agreements with Iran. While in the Islamic Republic for the JMC, Minister for Trade Negotiations Neal Blewett secured additional orders for a quarter of a million tons of wheat, which would leave Iran as Australia's principal wheat customer.<sup>67</sup>

In the hours following the Iraqi invasion of Kuwait, Canberra termed it "indefensible" and called for an immediate withdrawal of Iraqi troops. Australia moved quickly to impose unilateral economic sanctions which initially excluded grain as part of the range of banned products. The government's early reluctance to include wheat stemmed in part from the \$A600 million Baghdad already owed for previous sales and fears that Iraq would utilize the ban as an opportunity to default on its sizable debt. However, as it became clear that the international community was leaning towards comprehensive sanctions, Canberra joined these efforts.<sup>68</sup> Within days, the Hawke government was also discussing the possibility of military contributions to a UN force. On August 10, the Prime Minister announced that two guided-missile frigates and a supply ship would link up with the multinational force gathering in the Gulf region. This mission was designed to oversee the blockade of goods entering or leaving Iraq. While publicly this Australian military assistance was portrayed as being offered in response to a personal request by President George Bush to Hawke, Cabinet had actually given its approval to these measures before the phone call even took place. Australian support for the international norms of territorial integrity, resurgence in the utility of the UN and the emerging rules

of the “New World Order” as well as being seen as a good partner and ally to the US were cited as reasons for its military involvement in the Gulf.<sup>69</sup> As the crisis continued throughout 1990, Canberra made further contributions to US/UN efforts by dispatching naval medical and mine disposal teams, although the Hawke government drew the line against Australian ground troops. Following the liberation of Kuwait in early 1991, Australian commitments assumed a greater permanence as it became part of the second Maritime Interception Force (MIF). The MIF mandate was to continue enforcing sanctions until Iraq complied with UN Security Council Resolutions. An Australian ship, rotating on a six-month tour of duty, became a regular feature of the MIF in the Red Sea and Gulf area commencing in March 1991.

### **Forward Diplomatic and Commercial Momentum With Iran**

If the new Australian naval presence in the Gulf concerned Iran, it was not evident in the level of Iranian contacts with Canberra. Indeed, in May 1991 Foreign Minister Velayati became the highest ranking IRI official to visit Australia since the Revolution. In addition to the wide array of trade matters discussed, Velayati and his counterpart, Foreign Minister Gareth Evans, conferred over the proposed convention on chemical weapons, which Australia was spearheading internationally. Given its recent history as a victim of Iraqi chemical warfare, the convention had a particular relevance and importance to Iran. The two ministers agreed their countries would cooperate to overcome problems that had delayed the drafting of the agreement. Velayati also expressed interest in Canberra’s regional chemical weapons initiative which through seminars and workshops sought to build understanding about the pact in the Asia-Pacific area. He accepted Evans’ offer to send an Australian delegation to Iran to further discuss technical and political strategies regarding the convention.<sup>70</sup> One war-related matter that received considerable attention during Velayati’s visit was the plight of the nearly one million Iraqi Kurds who were now refugees in Iran because of the widespread unrest in northern Iraq. Australian Immigration Minister Gerry Hand had just returned from a fact-finding tour of refugee camps in Iran and Turkey, and Canberra had previously sent Tehran \$1.5 million in assistance. In meeting with Velayati, Prime Minister Hawke praised Iran’s hospitality and generosity in aiding the Kurdish refugees.<sup>71</sup>

A fourth meeting of the JMC was held in Canberra during August 1991.<sup>72</sup> Iran’s 45-member delegation was headed by Agricultural Minister Issa

Kalantari. Chief among the documents signed was an export finance credit agreement in which Australia would make available a line of credit (anticipated to be several hundred million dollars) to support the export of manufactured or processed goods as well as services to Iran.<sup>73</sup> The two sides also decided to establish a Joint Chamber of Commerce, Industry and Mines that would assist Iranian exporters hoping to tap into the Australian market. Closing the huge trade gap in Canberra's favor was a major factor behind the Chamber's inception and a paramount concern for Tehran. Australia also had expectations that the Chamber and new export line of credit might position Australian firms to win contracts topping a billion dollars over the next few years. In addressing the delegations, Minister for Trade and Overseas Development Neal Blewett took special note of cooperation in the political realm over the chemical weapons convention and an agreement for Tehran and Canberra to support each other's candidates for election to international organizations' posts.<sup>74</sup> He also highlighted the previous graduate student arrangements that had increased the number of Iranians studying in Australian universities on Iranian government scholarships.

### **Attack on Iran's Embassy in Canberra**

The political relationship suffered a setback in April 1992 as Canberra was caught up in a coordinated worldwide assault by IRI opponents on Iranian embassies. Violent protests by supporters of the Mujahedeen al-Khalq, enraged over Tehran's recent attack on its rebel bases in Iraq, targeted diplomatic missions in North America and Europe on April 5-6.<sup>75</sup>

Despite the time differences that might have provided some warning, Australian officials and the Iranian Embassy itself were unprepared when 15 protesters (all Iranian-born residents of Australia) attacked the Canberra compound in the early morning of April 6. The embassy's third secretary was severely beaten as were two other staff members; the building was ransacked and heavily damaged while embassy vehicles were destroyed. Iran lodged a strong protest over Australia's failure to protect its diplomats and official property. Within governmental circles there was much criticism and finger pointing between the Australian Protective Services and other police agencies as well as DFAT over who was responsible for the lack of embassy security. The situation was made more difficult by the presence of Ambassador Mohammed Hassan Ghadiri Abianeh, who already had an uneasy relationship with

Canberra due to DFAT suspicions of his undiplomatic use of the diplomatic pouch to smuggle contraband items into Australia.

Acting Foreign Minister John Kerin issued an immediate statement labeling the attack as a “deplorable act” and conveyed official apologies to the Ambassador.<sup>76</sup> DFAT also announced it would pay for the damage inflicted on the embassy structure and contents. In Tehran, Ambassador John Oliver was called into the Foreign Ministry for a rebuke. While photographs and articles about the assaults on Iranian missions in Europe were featured in the local press, stories about the attack on the Canberra mission were absent from the newspapers. Oliver attributes this development to Tehran viewing Australia as less prominent than Europe and the bilateral relationship as generally good so there was no point in publicly criticizing Canberra.<sup>77</sup> Ambassador Ghadiri also noted at the time that Mujahadeen actions “cannot influence relations between Iran and Australia.”<sup>78</sup> However, Iranian feelings were still somewhat raw a month later when Foreign Minister Evans arrived on a planned trip to the IRI. It would be only the second such visit by an Australian foreign minister (after Hayden in 1988) to the Islamic Republic.

Expressing “very profound regrets,” Evans gave a personal apology to his counterpart while in Tehran.<sup>79</sup> Foreign Minister Velayati accepted the apology and the two men engaged in frank political discussions over issues such as Iran’s relations with the US; Gulf security, Afghanistan and the Middle East Peace Process.<sup>80</sup> As part of a conversation on human rights issues, Evans raised the lingering Western concern over the death sentence imposed on Rushdie three years earlier, urged Tehran to re-examine the case and suggested ways in which Iran might defuse the matter. He underscored how internationally damaging this matter remained for bettering Iran’s image and ties with the West. While Evans would not comment publicly on these discussions, he did hold that the Rushdie affair remained “a difficult and sensitive issue.”<sup>81</sup> He also met with President Rafsanjani, who was still celebrating the landslide Majlis electoral wins of his allies. The victory for Rafsanjani and moderate political forces in Iran (and the potential for a new opening of Western ties) was viewed favorably by Canberra too. The President told Evans that “there are no obstacles to the development of relations” between their two countries.<sup>82</sup> Indeed, in noting the strong trade ties, Rafsanjani stressed that the economic relationship “prepared the ground for the development of political relations.”<sup>83</sup> The broadening of political interaction between the two states was also evident when the Foreign Minister agreed in principle to the establishment of an Iranian Consulate-



General in Sydney.<sup>84</sup> An official Australian account of Evans' visit captured the generally hopeful assessment associated with the trip: "The level at which Senator Evans was received was an indication of the importance attached to the bilateral relationship by the Iranian government. His discussions consolidated that relationship and registered Australian interest in developing it."<sup>85</sup>

### **Australian-Iranian Trade Ties and the Era of US Sanctions**

Iran and Australia continued their economic cooperation by holding the fifth and sixth Joint Ministerial Commissions through 1994. During this period, Iran remained Australia's largest Middle East customer for wheat, meat and coal. Additionally, the number of Iranian postgraduate students (both men and women) enrolled in scientific programs at Australian universities grew to over 700. As Ayatollah Ibrahim Amini, the first ayatollah ever to visit Australia, told the *Sydney Morning Herald*, "We usually do not send students to every Western country. This indicates we are interested in Australia and in a good relationship."<sup>86</sup> Later in 1994, an agricultural education agreement was signed between Iran and the University of Adelaide. However, as the trade relationship with Tehran prospered (worth \$A535 in exports for 1994-95), Canberra would soon find itself caught between Iran and the US as Washington started pressuring its allies to join new trade sanctions against Iran.

The Administration of Democrat Bill Clinton, itself under pressure from a Republican-controlled Congress seeking harsher measures against Iran, announced in early 1995 a trade ban with the Islamic Republic due to Tehran's support of international terrorism.<sup>87</sup> Australia countered the American assertions by emphasizing the lack of public evidence directly implicating Tehran as a sponsor of terrorism. In announcing that Canberra would not review its trade relationship with Iran, DFAT pointed to the fact that there were no pending actions against Iran at the United Nations as an additional reason for not following the US lead.<sup>88</sup> Australia's trade relationship with Iran, a DFAT spokeswoman underscored, actually allowed Canberra to talk with Tehran about international concerns, including terrorism. This was not an avenue of communication available to the US because of its lack of diplomatic ties. To sever or curtail Australia's economic interactions with Iran would shut down this vital means of exchange with Tehran. The Australian government did not waver in this stand even after the US dispatched a high-level counter-terrorism team to Canberra in August to secretly brief Evans



and other senior officials on the scope of Iranian sponsorship of terrorism. Following the briefing, Australian officials still thought that the Americans had failed to present conclusive evidence of Iranian involvement.<sup>89</sup>

Washington upped the ante in 1996 with the passage of the Iran-Libya Sanctions Act (ILSA). Arguing that investment in Iran provided the regime with hard currency, US Undersecretary of State Peter Tarnoff asserted, “A straight line links Iran’s oil income and its ability to sponsor terrorism [and] build weapons of mass destruction. Any...private company that helps Iran to expand its oil [sector] must accept that it is indirectly contributing to this menace.”<sup>90</sup> The ILSA contained punitive measures against foreign companies that conducted business in both the US and Iran, even though these activities were legal in their home countries. At this point, penalties started with foreign companies investing over \$A52 million (\$US40 million) in Iran or Libya’s energy sectors.<sup>91</sup> The extraterritorial reach of US law angered allies including Australia. By the time the ILSA became US law in August 1996, the Labor government had been replaced by the more conservative Liberal-National Coalition headed by Prime Minister John Howard. The new Trade Minister and Deputy Prime Minister, Tim Fischer, wasted no time in condemning the Clinton Administration’s actions. Fischer called the American approach “wrong in principle” as well as “dubious in terms of its practical effect.”<sup>92</sup> At a time when DFAT was reviewing US trade barriers which restricted market access for Australian products anyway, the Minister also hinted that the ILSA was another such non-tariff barrier to be imposed by the US if it was “not happy with what an overseas company is doing in a third country.”<sup>93</sup> Australia also raised its objections to the ILSA in meetings between Fischer and US Trade Representative Charlene Barshefsky as well as in talks between Foreign Minister Alexander Downer and Secretary of State Warren Christopher. Regarding the ILSA, the *Sydney Morning Herald* editorialized, “America’s bullying of other countries to fall in line with its own foreign policy initiatives will prove counter-productive to the task of combating international terrorism.”<sup>94</sup> *The Australian*, which in the past strongly supported US anti-terrorism efforts, opined, “As serious as the problem of global terrorism is, the United States is deluding itself if it believes it will be able to dictate the foreign policies of other countries.”<sup>95</sup>

In any case, the ILSA would impact Australia’s relations with its largest Middle East trading partner, Iran. While Australia and Australian companies would not publicly embrace it, they would need to subtly abide by its restrictions

in order to continue doing business in the US. While on the surface Australia had not imposed sanctions on Iran, the wariness of Australian firms of crossing the line in terms of significant investment in Iran would in fact be an indirect economic punitive measure against the IRI. In the end, Australia or Australian companies would not risk undermining their much more important and lucrative relationship with the US by challenging the ILSA. An example of an Australian firm adhering to the ILSA was the oil conglomerate Broken Hill Proprietary Company Limited (BHP). Earlier in 1996, BHP was considering bidding on a \$1 billion gas pipeline project that would link Iran and Pakistan. When this became public, US Senator Alfonse D'Amato (R-NY), the chief sponsor of the ILSA, sent a letter to BHP warning it about the implications of the proposed American legislation to its business activities in the US. Concerned about the impact to these major BHP investments, the Australian company backed down. Following the passage of the ILSA, BHP released a statement in which it heralded:

the stand taken by the Australian, European and other governments allied to the United States in opposing the use of legislation that has extra territorial applications... [However] we have been aware of the likelihood of the US Congress passing this legislation since late last year. We repeat the comment made in February, that we will abide by US law as applicable to our operations.<sup>96</sup>

While Australia did not join the US in an ILSA-type sanctions effort on the trade front, it was concerned enough about the terrorism allegations made against the Iranian government to lower political contacts. In early 1997, Canberra demurred on an Iranian Foreign Ministry proposal for Velayati to visit Australia, suggesting that it was “not convenient” at that time.<sup>97</sup>

Charges of Iranian involvement in terrorism entered a new phase in April 1997 when a German court convicted four defendants and implicated the very highest levels of the Iranian government in the 1992 assassinations of four Iranian Kurdish opposition leaders at the Mykonos restaurant in Berlin. After the 15-member European Union recalled their ambassadors from Tehran, Australia followed suit. Ambassador Stuart Hume, who had just arrived at his posting in March, was brought back to the capital for consultations. Iran retaliated by canceling a May visit by an Australian-Iran Chamber of Commerce and Industry delegation. As the tit-for-tat responses ratcheted up, Foreign Minister Downer said that Australia would study the German verdict and consult with its allies over Canberra's next move. At home, the Mykonos verdict stirred up a bevy of emotions. The opposition Labor Party insisted that the Howard government

review its commercial relationship with Iran and terminate Canberra's billion dollar line of credit to the Islamic Republic, which remained the largest such credit line extended by any foreign government to Iran. Foreign Affairs critic Laurie Brereton suggested that this would send a very clear message to Iran as to where Canberra stood on issues of international terrorism. The US government was also pressuring the Howard government to drop the credit line.

While Minister Fischer argued that the government's policy was to vehemently condemn terrorism, it also sought to keep trade issues separate from "geopolitical" concerns.<sup>98</sup> This was a sentiment echoed by Queensland Graingrowers Association President Ian MacFarlane who said, "What we need to do is basically judge Iran as it is now, and not dwell too much on the past. Iran is a market worth up to \$500 million a year to us, and it's one which we don't want endangered by politicking and by trade sanctions."<sup>99</sup> Iran had contracted to buy 2.8 million tons of wheat in the current growing season.<sup>100</sup> This was more than 10 percent of Australia's total bumper wheat yield. The Minister for Primary Industries John Anderson also weighed into the debate, underscoring it was important for the government to maintain a "sensible and balanced approach" while recognizing that "we've had a huge crop this year and we've needed every market we can find in order to be able to place that crop."<sup>101</sup>

A week after being recalled, Ambassador Hume was sent back to Iran to monitor the situation. As a correspondent for *The Australian* observed, "Short of an internationally agreed response, the government is satisfied that the withdrawal of Mr. Hume was a sufficient expression of its concern."<sup>102</sup> The Ambassador himself asserts that the fact he was only withdrawn for a week was noticed by Iran.<sup>103</sup> It set Australia apart from the European states whose envoys remained away from Tehran until mid-November 1997. Hume's early tenure in Tehran also coincided with the upset presidential victory of Mohammed Khatami. The new president's reformist bent offered hope for a better relationship between Iran and the West in general. Australia too anticipated capitalizing upon these possibilities. In March 1998, BHP revived its interest in various gas pipeline projects following an inquiry from the National Iranian Gas Company. Of particular interest to BHP was a proposed \$4 billion, 2400-km, natural gas pipeline stretching from Turkmenistan to Turkey and running through the Islamic Republic.<sup>104</sup>

While wheat sales were strong – at one point accounting for a quarter of Australia's total exports – they dropped 70 percent between the peak year of 1996-97 and 1997-98. In terms of dollar figures, this was nearly half a billion

in lost sales. This dramatic decline grabbed Canberra's attention. Commercial concerns forced the Howard government to focus more on Iran in regard to the political level, fostering even greater cooperation. The two countries discussed reviving the Joint Ministerial Committee which had not met since August 1994. In March 1999 – four and a half years after the 6<sup>th</sup> session – the 7<sup>th</sup> JMC convened in Tehran. Deputy Prime Minister Fischer led the 30-member Australian team. Fischer was the most senior official to journey to Iran under the Howard government. The Minister stressed the importance of gaining a first-hand understanding of the “situation in Iran with the new President and to do so ahead of some of our competitors.”<sup>105</sup> Hume would later characterize Fischer's time in the IRI as “a turning point” in Australian-Iranian ties.<sup>106</sup> During the JMC, numerous infrastructure projects ranging from gas pipelines to water instillations to cooperation in the tourism sector were discussed. Additionally, on the political front, the two governments agreed to begin a formal dialogue on human rights, arms control and narcotics issues. Hume attached importance to the fact that Tehran was willing to discuss these issues openly with Australia.<sup>107</sup>

This new era of high-level Australian attention to its bilateral relationship with the IRI corresponded with signs that Washington was relaxing its sanctions regime against Iran. In 1999, the Clinton Administration allowed the sale of limited American foodstuffs and medicines to Iran. Following the February 2000 Majlis election which produced a large reformist victory and boosted Khatami's presidency, Washington also agreed to the importation of Iranian carpets, nuts and caviar. In Australia, Trade Minister Mark Vaile indicated that Canberra was very interested in strengthening ties with the Khatami government.<sup>108</sup> Given these changing international dynamics and the optimism surrounding the relationship, it is no wonder that the 8<sup>th</sup> JMC convened on time in April 2000. The Iranian Minister for Agriculture, Issa Kalantari, arrived with a seven-member delegation. In greeting his guests, Vaile highlighted the importance Australia attached to the partnership and expressed the hope that it would “move beyond just being a relationship between buyers and sellers to a relationship that also encompasses some strategic partnerships where we both can use the technological bases of which we have developed in our respective countries.”<sup>109</sup> When questioned at a press conference about the possibility of purchasing American wheat, Kalantari stated that if the price was competitive Iran would buy it. However, he underscored for his Australian hosts, “It should be mentioned that under this same condition we do give the priority to those

countries which we are having a very close bilateral relationship.”<sup>110</sup> A month after the JMC met, an agreement promoting tourism was signed by the two countries, and shortly thereafter an Iranian drug control and prevention delegation arrived in Sydney to confer with their counterparts in the Australian Federal Police over ways to curtail narcotics and drug trafficking. In July, Downer traveled to Tehran. This was the first visit at the foreign minister level since Evans went in 1992. In addition to human rights,<sup>111</sup> numerous draft agreements on trade, agricultural cooperation and cooperative research were presented to Iranian officials. Downer indicated that Australian companies were “looking at very substantial investments” in Iran’s energy sector.<sup>112</sup> In acknowledging the possibility of American ILSA repercussions, Downer stated, “The United States has taken a benign view of a number of European investments in Iran, and we wouldn’t expect to be treated any worse than the Europeans have been treated.”<sup>113</sup> Later DFAT would favorably view Khatami’s June 2001 reelection as justifying “efforts to develop Australia-Iran relations” and expressed hope that it would “facilitate further developments of the relationship.”<sup>114</sup> However, these promising prospects would soon be caught up in larger world events as well as the changing domestic fortunes of reformist forces in Iran.

### **Australia in Afghanistan and Iraq in the Post 9-11 World**

By coincidence, Prime Minister Howard was in the United States on September 11, 2001.<sup>115</sup> He was attending ceremonies marking the 50th anniversary of the ANZUS alliance and was holding a news conference at a hotel within visible range of the Pentagon when one of the hijacked planes hit that building. After returning to Australia, his government quickly debated the impact of the week’s events for Australia and then invoked the ANZUS treaty on September 14. This was the first time in the treaty’s history that the collective security clause had been made operative. Australia recognized the 9/11 attacks as “dangerous to its own peace and security” as outlined in Article IV of the document. Howard declared his government would be consulting with Washington to ascertain what actions Australia might take in support of the US response to the 9/11 attacks.

As the Bush Administration unveiled its “war on terror” and launched “Operation Enduring Freedom” against the Taliban and Al-Qaeda in Afghanistan in early October, Canberra offered a sizable commitment of 1,550 military personnel, including Special Forces for these efforts.<sup>116</sup> Australia was

one of the first countries to commit troops to the US campaign. This troop commitment was downsized in late 2002 as the NATO-led International Security Assistance Force (ISAF) prepared to take charge in Afghanistan. However, as the security situation deteriorated in July 2005 and again in April 2007, the Howard government would deploy Special Forces to assist the ISAF and boost the Australian troops remaining in country. At the end of 2007, Australia still had nearly 1,000 military personnel stationed mainly in the southeast provinces of Kandahar and Uruzgan. Throughout the Afghan campaign, Australia's stance against international terrorism was unwavering especially after the October 2002 nightclub bombing in Bali which killed 202 people, including 88 Australians.<sup>117</sup> After the Bali attacks, Howard mused publicly about possibly taking pre-emptive action against terrorist bases in third countries. Its thinking following the Bali bombings coupled with rising concern that weapons of mass destruction (WMD) might find their way into the hands of terrorists and the desire to give continued support to Washington's efforts in the global fight against terrorism all contributed to the Howard government's decision to join the US in Iraq.<sup>118</sup> "We are living in a world," the Prime Minister said on the eve of the Iraq war, "where unexpected and devastating terrorist attacks on free and open societies can occur in ways that we never before imagined possible."<sup>119</sup> Foreign Minister Downer would later note, "It wasn't a time in our history to have a great and historic breach with the United States. If we were to walk away from the American alliance it would leave us as a country very vulnerable... particularly given the environment we have with terrorism in South-East Asia..."<sup>120</sup> Well before the March 2003 invasion, Australia was involved in the pre-war planning through military officers seconded to the CENTCOM command in Tampa, Florida. In committing personnel, naval frigates and aircraft to the war effort against Iraq, Australia would become one of only three countries (the others were the US and UK) contributing both ground and naval forces to the initial invasion of Iraq.<sup>121</sup> Australian special forces operated in Iraq's Western Desert, while its air components engaged in strike and support missions. The Australian naval role was to conduct boarding parties on suspect ships, patrol the north Gulf and clear the approaches to Umm Qasr to allow the capture of that port city. As major combat operations ended in May and a "coalition of the willing" coalesced, Canberra began to reduce the ADF contribution. Under "Operation Catalyst," Australian forces (numbering on average between 1,000 and 1,400) remained stationed in and around southern Iraq assisting in the rehabilitation of Iraq.<sup>122</sup>

## **The post-9-11 Iran-Australian Bilateral Relationship**

Canberra's military contributions to both the Afghanistan and Iraq campaigns had the dual impact of Australia now having ground troops in two countries adjacent to Iran. While the downfall of the Taliban and Saddam Hussein regimes were welcome developments for the IRI, the outside military presence in the region, especially with its huge US component, was not. In the lead-up to the Iraq war, Australia took issue with some of the policy statements emanating from Washington, especially as they related to Iran. Key among the differences of opinion was the Australian reaction to President Bush's January 2002 State of the Union address in which North Korea, Iraq and Iran were linked together as part of the "axis of evil." Foreign Minister Downer did not immediately sign-on to this classification for Iran.<sup>123</sup> And as late as April 2003, Trade Minister Mark Vaile, when questioned about Iran and the "axis of evil" label, remarked that "we have always said that we as a sovereign nation will make our own decisions about our diplomatic relationships."<sup>124</sup>

Indeed the period between 2001 and 2003 was generally an optimistic time for the relationship. Australian exports to Iran topped \$A750 million in 2001 and Iran remained one of Canberra's major wheat customers, ranking number two for global sales. In June 2002, Kamal Kharrazi became the first Iranian Foreign Minister to visit Australia in more than a decade. In wide-ranging discussions with Downer, the two men exchanged views on everything from the Middle East conflict to weapons of mass destruction to terrorism. A major tangible result of the foreign ministers' talks was the actual creation of an Australian-Iran Human Rights Dialogue, which had previously been agreed upon during then Deputy Prime Minister Fischer's March 1999 visit to Iran. In doing so, Australia became the first country to establish a formal mechanism to engage Iran solely on human rights matters.<sup>125</sup> It was also the first bilateral human rights dialogue Australia had established with an Islamic state or one outside the Asia-Pacific region.<sup>126</sup> The importance of these formal dialogues to Canberra can be seen in this DFAT description:

Through these dialogues we are able to raise our full range of concerns about human rights issues with senior Government officials, and to encourage frank discussions of these matters, including making representations on behalf of individuals whose human rights may have been abused. The Government believes these dialogues are more effective when they are coupled with well-targeted technical cooperation programs designed to assist our partners improve their own efforts to protect the human rights of their citizens.<sup>127</sup>



The first round of this dialogue was held in Tehran in December 2002. Conducted at the First Assistant Secretary-level, the broad range of topics included the role of the judiciary, international and national human rights instruments, the role of civil society, treatment of Baha'i and Jewish minorities, and freedom of expression.<sup>128</sup> The Australian delegation, which included a senior federal judge and officials from the Attorney General's department, Human Rights Commission and DFAT, also visited a prison and had meetings with high-ranking clerics and judicial officers as well as female parliamentarians.<sup>129</sup> In reporting on these events, the Iranian News Agency quoted Downer's assessment of their importance. He said, "The highly productive mutual consultations reflected the evident commitment of both sides to move the relationship forward, especially in areas marked with differences in viewpoints."<sup>130</sup> As a follow-up to the formal dialogue, in August 2003, DFAT funded a visit by the Islamic Human Rights Commission of Iran (IHRC) to meet with the Human Rights and Equal Opportunity Commission (HREOC) to identify areas in which Australian expertise might assist the IHRC. While the HREOC believed that the IHRC had a "high level of independence and commitment in relation to human rights issues in Iran," it raised doubts about the level of "enthusiasm" on the part of relevant executive officials in Iran.<sup>131</sup>

Paradoxically, Canberra and Tehran also during this period signed a memorandum of understanding regarding illegal immigrants which was criticized by Australian human rights activists. After a wave of mainly Middle Eastern boat people arrived illegally, in 2001, the Howard Government initiated a policy of mandatory detention for them. The March 2003 agreement between the two states offered a financial reintegration package for detained Iranian nationals who voluntarily agreed to return to the IRI.<sup>132</sup> Tehran pledged to allow this return. Immigration Minister Amanda Vanstone would later come under fire for forcibly deporting an Iranian national from Australia. In defending her actions, she asserted, "The government offers generous resettlement packages for voluntary return, but sooner or later, if they are judged not to be a refugee, they just have to go home."<sup>133</sup>

Downer made his second visit to Iran in May 2003 which coincided with the then-proclaimed "end of major combat operations" in neighboring Iraq. Terrorism and nuclear proliferation issues were on the agenda. Downer also used his time in Tehran to encourage Iran "to play an active and constructive role" in Iraq as well as to seek ways to better the relationship between the IRI and



the US.<sup>134</sup> In meeting with Kharrazi, Rafsanjani and Khatami, Downer said, “I made it clear that the coalition in Iraq does not want any untoward foreign intervention that would make the process of stabilizing Iraq more difficult.”<sup>135</sup> He specifically referenced Al-Qaeda and requested that the Iran “take every step to apprehend” them if they were operating on Iranian territory.<sup>136</sup> The Australian Foreign Minister also passed along a message about WMDs: “The international threshold on the proliferation of weapons of mass destruction has declined very much...as was witnessed by what happened with Iraq. It would be unacceptable if Iran was to move towards the establishment of a nuclear weapons capacity.”<sup>137</sup> Iranian officials assured Downer that they had no interest in developing nuclear weapons. He urged them then to sign the additional safeguards protocol to the NPT treaty which allows surprise IAEA inspections as a way of reassuring the world “of its peaceful intentions.”<sup>138</sup> Downer informed Parliament during Question Time on May 28, that upon his return from Tehran he had telephoned US Secretary of State Colin Powell to update him on the Iranian meetings.<sup>139</sup>

On the trade side of the bilateral relationship, the 9<sup>th</sup> JMC was held in Tehran in September 2002. Trade Minister Vaile was accompanied by over 50 Australian business officials, representing 34 different companies or enterprises. Vaile left Iran with high hopes that the export of livestock to Iran would resume after a two decade break and that the two states would soon complete a proposed Investment Protection and Promotion Agreement. He noted, “We see it as time to put some structure around the bilateral relationship to encourage more two-way investment, particularly giving comfort to companies like BHP and Woodside who have been active in the region for some time and are very keen to become involved in developing oil and gas industries in Iran.”<sup>140</sup>

While in Tehran, Vaile met with Khatami and Rafsanjani. In addition to economic matters, Vaile outlined Australian views on Iraq and Afghanistan. He was quick to acknowledge the impact of the Afghan refugee crisis upon Iran as well as Iranian rebuilding efforts within Afghanistan. These thoughts were also reflected in the JMC Communiqué in which the two sides pledged to explore cooperation “in providing some assistance jointly to Afghanistan’s agricultural sector, especially in the area of crop substitution.”<sup>141</sup>

### **Increasing Strains: The Bilateral Relationship after 2003**

In retrospect, the bilateral relationship would exhibit signs of strain both from the political and trade perspectives after 2003. This can be, in

part, attributed to the ongoing conflicts in Iraq and Afghanistan in which Australia continued to play an important, but overall minor role, the growing international concern over Iran's nuclear program and the loss of influence of moderate/reformist forces in Iran that would culminate in the election of Mahmoud Ahmadinejad as President in 2005.

For Tehran, the wars in neighboring countries and the sizable presence of outside military forces within the region underlined major security concerns for the regime. Countries participating in these conflicts – even the more limited commitments of Australia – were increasingly viewed in hostile terms. For example, a visiting Hassan Rowhani, Secretary of Iran's National Security Council, told Downer and Howard in August 2004 that Australia had lost popularity in the Middle East because of its military involvement. Additionally, Rowhani warned that Australia's participation had made it more, not less, of a terrorist target: "All the groups that now are involved in terrorist acts in Iraq seem to take all the groups that are participating in helping with the occupying forces as the targets of their attacks."<sup>142</sup>

Trade plummeted during this period. Exports to Iran fell from \$750 million in 2001 to \$150 million by 2004. Officially, this trend was attributed to a decline in wheat sales brought on by a drought in Australia, the larger Iranian domestic yields and the impact of a stronger Australian dollar.<sup>143</sup> Diplomats also highlighted a "commercial fatigue" on the part of Australian companies such as BHP who had invested much time and effort to gain access to the Iranian market with little success.<sup>144</sup> Moreover, the extraterritorial reach of US sanctions made Iran "a difficult field on which to play" for many Australian companies because of the uncertainties associated with the uneven application of the American sanctions.<sup>145</sup> However in mid-2004, as coal, wool and machinery exports also experienced problems in finding their way to Iranian markets, speculation turned to deliberate efforts by the IRI to disrupt trade with Australia perhaps in response to Canberra's concerns over Iran's nuclear program (to be discussed in Chapter Five).<sup>146</sup> "We absolutely reject the link between international security and bilateral trade issues," declared a spokesman for Trade Minister Vaile.<sup>147</sup>

Whatever the reasons, the drop in trade was coupled with a cooling of the larger bilateral relationship. A JMC has not been held since 2003 and the proposed second round of the Human Rights Dialogue, originally slated for 2003 in Canberra, remains unscheduled. International unease over Iran's nuclear ambitions would soon be tied to US efforts to further isolate Tehran, impacting Canberra's economic and political ties with the IRI once again. As

one Australian diplomat stated, “We are also aware that the costs of doing business with Iran have increased recently as markets react to international concerns over Iran’s nuclear program.”<sup>148</sup>

These global concerns further intensified with Ahmadinejad’s victory and the bellicose stance assumed by the new president. His October 2005 statement calling for Israel to be “wiped from the map” was roundly denounced in Australia. Downer registered his government’s strong condemnation of these remarks with Iran’s Ambassador in Canberra and instructed Australia’s embassy in Tehran to do the same. He remarked that

such extremist views are totally unacceptable and do nothing to reassure the international community that Iran is prepared to be a responsible international citizen. This appalling outburst by Iran’s president is all the more troubling given Iran’s apparent nuclear ambitions and suggestions of Iranian involvement in violence in southern Iraq.<sup>149</sup>

Given the Iranian regime’s belligerent tone, Prime Minister Howard was quick to believe reports in May 2006 that Iran would soon require non-Muslims to wear colored badges on their clothing. According to the Canadian *National Post* story, Jews would have to wear yellow strips of cloth, while Christians and Zoroastrians would have to wear red and blue strips respectively. Howard, traveling in Ottawa, commented, “If that is true, I would find it totally repugnant...it obviously echoes the most horrible period of genocide in the world’s history and the marking of Jewish people with a mark on their clothing by the Nazis.”<sup>150</sup> The report turned out to be false, but Ahmadinejad’s previous statements had colored news coming from Iran.

High-level visits between the two states were also a casualty of the deteriorating relationship. While Downer would continue to meet with his Iranian counterpart on the sidelines of international gatherings such as the World Economic Forum or the annual opening session of the UN General Assembly, direct exchanges between senior Australian and Iranian officials were curtailed after 2004. It should be noted, however, that high-level telephone conversations also continued to take place. For example, in March 2007, Downer conversed with Foreign Minister Manouchehr Mottaki by phone in an attempt to defuse a crisis between Iran and the UK over British naval personnel captured in or near Iran’s territorial waters.<sup>151</sup>

## **The 2007 Federal Election and Iran**

Iran became intertwined with a number of issues during the 2007 federal campaign in which Howard's Liberal-National Coalition ended up losing to the Labor Party (ALP). As Australian forces in Afghanistan experienced casualties resulting from explosive devices and the war continued inconclusively in Iraq, Canberra started to echo American assertions about Iranian involvement in these two conflicts. Defense Minister Brendan Nelson declared, "There's no question that a variety of weapons including improvised explosive devices and explosively formed projectiles and other things are finding their way from Iran into both Iraq and Afghanistan."<sup>152</sup> During a meeting with Mottaki at the UN a week earlier, Downer made similar claims about Iran supplying explosive devices to militias in Iraq. "These are weapons that could kill our troops," he pronounced.<sup>153</sup>

In opposition, Labor supported most of the Howard government's policies regarding Afghanistan, but disagreed with Australian involvement in Iraq. ALP Leader Kevin Rudd delivered a wide-ranging speech on national security policy in August 2007 which was highly critical of the government's approach to Iraq. After identifying a litany of grave unintended outcomes associated with this policy, Rudd concluded, "There is of course one further strategic consequence of this government's Iraq war debacle. And that is the empowerment of Iran."<sup>154</sup> Rudd listed numerous destabilizing aspects of the newly "emboldened Iran" including oil insecurity, increased influence among Shia factions in Iraq, support of terrorism as well as Tehran's nuclear activities. In condemning the Howard approach, Rudd noted "After two and a half thousand years it takes genuine strategic policy talent to succeed in rehabilitating the Persian Empire."<sup>155</sup> During the formal campaign, Rudd signaled a tougher Australian policy toward Iran. While he indicated agreement with the Howard government's stance against military strikes on Iran's suspected nuclear facilities, the Labor leader suggested launching international action against the Iranian President as an individual. Among the suggestions articulated was bringing President Ahmadinejad before the International Criminal Court (ICC) to face charges of "inciting genocide" because of his statements against Israel and the Holocaust.<sup>156</sup> Rudd said such action would undermine Ahmadinejad's legitimacy and force him to "justify his inflammatory and destabilizing posturing and rhetoric."<sup>157</sup> Downer dismissed the ALP proposal as a "ghastly stunt" which was unworkable because Iran was not a party to the ICC statute and hence the only way to put this case before that world body was with the support of the five permanent members

of the UN Security Council.<sup>158</sup> He also observed that given the various levels of American, Chinese and Russian hostility towards the ICC, Rudd's plan was doomed to fail. "If he tried to do that in government," the Foreign Minister asserted, "it would be treated by the international community as nothing more than a domestic stunt and it would embarrass Australia."<sup>159</sup>

Rudd became Australia's Prime Minister in December 2007 and his new government signaled that it would pursue efforts to bring international charges against Ahmadinejad.<sup>160</sup> Outside of these legal maneuverings (at the time of this writing in May 2008), the Rudd government's approach to Iran showed broad continuity with the previous Howard policies, although on other regional and multilateral issues, which have an indirect impact on Australian-Iranian relations, Rudd has steered a different course. The Prime Minister made good on his electoral commitments to an orderly withdrawal of Australian combat troops from Iraq by mid-to-late 2008. Additionally, on the international level, Rudd proclaimed a new period of active "creative middle power diplomacy" on the part of Australia. In doing so, he announced his country's bid for one of the temporary two-year seats on the UN Security Council for 2013-2014. As he later explained during his April 2008 visit to the UN:

To be a fully effective member of the United Nations, you need on a regular basis also to be an effective member of the Security Council as well. We need to enhance the United Nations' activities in terms of multilateral security, multilateral economic engagement and also in the area of social policy and human rights as well. Whether it was the debate over the Iraq war, *whether it's consideration of particular actions against the Government of Iran*, whether it's other matters, this is the critical decision-making body of the United Nations.<sup>161</sup>

In specifically referencing Iran and other Middle East issues, Rudd established that Australia wanted a voice once again on these matters within international fora.

## Endnotes

1. At this point only about four per cent of Australia's external oil needs were coming from Iran – although a large share of its foreign petroleum imports had their origin in other Gulf states. In 1979, domestic oil production met 70 percent of Australian demand. See Henry S. Albinski, "Australia and the Indian Ocean," *Australian Journal of Defence Studies* 3, no. 1 (1979): 15.
2. Australian citizens were encouraged to leave Iran and eventually RAAF aircraft

- were placed on standby in Bahrain in case an emergency evacuation was needed. The embassy in Tehran scaled down its staff and by the time of Ayatollah Khomeini's February 1979 return, less than 100 Australians remained in Iran.
3. Martin Indyk, "Walking Tall With a Short Stick: Australian Policy towards the Crises in Iran and Afghanistan," *World Review* 20, no. 3 (1981): 75.
  4. Albinski, 15.
  5. Andrew Peacock, "Situation in Iran," *Australian Foreign Affairs Record* 50, no. 2 (1979): 94.
  6. Indyk, 77.
  7. *Ibid.*, 93.
  8. See Andrew Peacock, "Execution of former Iranian Prime Minister" and "Executions in Iran," *Australian Foreign Affairs Record* 50, no. 4 (1979): 236-7. In addition to condemning the execution of former Prime Minister Hoveyda, Australia took note of the deaths of former Foreign Minister Khalatbari, Minister of Agriculture Rouhani and Tehran Mayor Nikpay. The news release noted that the latter three men had visited Australia in 1974.
  9. J. D. Anthony, "Iran Back in Lamb Trade with Big Contract," *Australian Foreign Affairs Record* 50, no. 6 (1979): 363.
  10. Steven Rattner, "Iran Shifting Trade From US," *New York Times*, December 18, 1979, D1. Interestingly the Australian wheat would cost \$20 to \$25 more per metric ton than the previous price for US wheat.
  11. Indyk, 78.
  12. See Albinski, 16 and Indyk, 78.
  13. Paul Lewis, "US Urges Iran Sanctions, but Whom Will They Hurt?" *New York Times*, December 16, 1979, E2. The American freeze of Iranian foreign assets also delayed the shipment of 36,000 live sheep from Adelaide to Iran for nearly a month because of payment concerns. See "Sheep from Australia" (November 28, 1979), BBC Summary of World Broadcasts, November 30, 1979 found at Lexis-Nexis (accessed April 13, 2007).
  14. "Australia Reviews Trade with Iran" (January 15, 1980), BBC Summary of World Broadcasts, January 19, 1980 found at Lexis-Nexis (accessed April 13, 2007).
  15. For a good account of governmental debates from this period, see Paul Kelly, "At the Brink: Australia's Role in World Crisis," *The National Times*, May 4-10, 1980, 1; 9-11.
  16. William Borders, "US Allies, Asked to Back Iran Sanctions, Are Sympathetic but Cautious," *New York Times*, April 9, 1980, A12.
  17. Andrew Peacock, "Iran," *Australian Foreign Affairs Record* 51, no. 4 (April 15, 1980): 115.

18. Andrew Peacock, "Iran," *Australian Foreign Affairs Record* 51, no.4, (April 22, 1980): 116.
19. Andrew Peacock "Iran," *Australian Foreign Affairs Record* 51, no. 4, (April 29, 1980): 117.
20. Quoted in Gay Davidson, "A Lack of Logic in Australia's Punitive Trade Embargoes," *Canberra Times*, May 5, 1980, 2.
21. "Australia Fears US May Ask for Ban on Food to Iran," *New York Times*, May 4, 1980, A6.
22. Interview with Chargé Kevin Boreham, August 2007.
23. Ibid.
24. Ian Verrender, "Iran Meat Chop Shocks Trade Officials," *The Bulletin* (Sydney), May 3, 1983, 32.
25. See Government of the Commonwealth of Australia, Department of Foreign Affairs and Trade (2002) Direction of Trade Series 2000-01: One Hundred Years of Trade: 36, [http://www.dfat.gov.au/publications/stats-pubs/direction\\_trade\\_time\\_0001.html](http://www.dfat.gov.au/publications/stats-pubs/direction_trade_time_0001.html). (accessed April 2007)
26. Andrew Peacock, "Death of the Shah," *Australian Foreign Affairs Record* 51, no. 7 (1980): 240.
27. "Leaders Shun Shah's Funeral," *The Age*, July 30, 1980, 7.
28. "Heads of 9 Embassies Ask Iran's Parliament to End Hostage Crisis," *The New York Times*, August 15, 1980, A4. In addition to Australia, the envoys came from Austria, Finland, Greece, New Zealand, Norway, Spain, Sweden and Switzerland.
29. Interview with Chargé Boreham.
30. Ibid.
31. Parliament of the Commonwealth of Australia, Joint Standing Committee on Foreign Affairs and Defence (1982) *The Gulf and Australia* (Canberra: Australia Government Publishing Service), 13.
32. Ibid., 23.
33. Interview with John Dauth, May 2007.
34. Ibid.
35. Ibid.
36. Interview with Minister of Primary Industries (and later, Minister for Trade and Overseas Development) John Kerin, July 2007.
37. Interview with Foreign Minister Bill Hayden, June 2007.
38. Ibid.
39. Ibid.
40. Interview with John Dauth.

41. As a result of Iraq's use of chemical weapons against Iran and the Dunn Reports, Canberra worked to create what became known as the Australia Group. Established in 1985, it is a grouping of like-minded countries (including Canada) which seeks to prevent countries of concern from acquiring – through commercial trade – the means to produce chemical weapons. The group's mandate was later expanded to include biological components which could be used for biological weapons. Chaired by Australia since its inception, the grouping has grown from a dozen to more than 30 countries.
42. Interview with Ambassador John Lander, August 2007.
43. Interview with John Dauth.
44. See Government of the Commonwealth of Australia, Department of Foreign Affairs and Trade (2002) *Direction of Trade Series 2000-01: One Hundred Years of Trade*: 24. [http://www.dfat.gov.au/publications/stats-pubs/direction\\_trade\\_time\\_0001.html](http://www.dfat.gov.au/publications/stats-pubs/direction_trade_time_0001.html). (accessed April 2007). While trade volumes in this report are expressed in 2001 A\$ and not actual 1983-1985 figures, the ratio of export increase remains the same.
45. Firth, 31. In 1984, an economist was named as head of the Department of Foreign Affairs. Trade and Foreign Affairs merged into one department in 1987 and Austrade became part of DFAT in 1991.
46. Bill Hayden, "Ambassador to Iran," *Australian Foreign Affairs Record* 56, no. 7 (1985): 643.
47. Interview with Ambassador Lander.
48. Ibid.
49. Ibid.
50. Ibid.
51. Ibid.
52. Ibid.
53. Quoted in Patrick Walters, "Tit-For-Tat Battle With Iran Feared," *Sydney Morning Herald*, April 29, 1987, 3.
54. Parliament of the Commonwealth of Australia, Report by Claude Rakisits, Current Issues Paper 10 (1988) "The Gulf Conflict: Recent Developments and International Implications" (Canberra: Department of the Parliamentary Library, Australia Government Publishing Service): 37.
55. Interview with Ambassador Lander.
56. "Iran Pushing to Free Hostages: Hayden," *The Weekend Australian*, August 13-14, 1988, 13.
57. "Economic Relations between Iran and Australia," (1988) *Australian Foreign*



- Affairs Record* 59, no. 8 (1988), 338.
58. John Edwards, "Minister's Visit to Tehran Comes at Time of Change," *Sydney Morning Herald*, August 13, 1988, 18.
  59. "Iran Pushing to Free Hostages: Hayden."
  60. Interview with Foreign Minister Hayden.
  61. "Further on Visit of Australian Foreign Minister: Meets with Khamene'i," IRNA, August 10, 1988, found in *Foreign Broadcast Information Service-Near East and South Asia* (August 11, 1988): 66.
  62. Edwards, "Minister's Visit to Tehran Comes at Time of Change."
  63. The Australian contingent remained in place until December 1990. It was withdrawn after the UN authorized military action against Iraq, following the latter's invasion of Kuwait. UNIIMOG itself completed its mandate in February 1991.
  64. In 1984, Australia seconded an officer at a small UN office in Tehran as part of a four-person team set up to monitor the war. Iraq had refused to allow Australian military personnel posted to a parallel office established by the UN in Baghdad.
  65. See John Buchner, "The Satanic Verses and the Australian Press," *Australian Journalism Review* 1 (1989): 99-110.
  66. DFAT submission to Parliament of the Commonwealth of Australia, Joint Standing Committee on Foreign Affairs, Defence and Trade (2001) Australia's Relations with the Middle East: 140, <http://www.aph.gov.au/house/committee/jfadt/Mideast/MERpfindx.htm> (accessed October 25, 2006). This comprehensive review of Australia's relations with the Middle East was the first such undertaking by the Committee since May 1982.
  67. "Australia To Supply More Wheat," *Middle East Economic Digest*, August 24, 1990, 13.
  68. For good accounts of this period, see Kim R. Nossal, "Quantum Leaping: The Gulf Debate in Australia and Canada," in *The Gulf War: Critical Perspectives*, ed. Michael McKinley (Canberra: Allen & Unwin, 1994), 48-71; Andrew F. Cooper, Richard A. Higgott and Kim Richard Nossal, *Relocating Middle Powers: Australia and Canada in a Changing World Order* (Vancouver: UBC Press, 1993); and Ronnie Miller, *Following the Americans to the Persian Gulf: Canada, Australia, and the Development of the New World Order* (London/Toronto: Associated University Presses, 1994).
  69. In *Relocating Middle Powers*, the authors offer another reason for Australia's involvement noting that "Canberra saw its commitment as a crucial concomitant to the decision to stop its lucrative grain sales to Iraq. Without a blockade, grain sanctions were unenforceable; shipments slipped onto the high seas could make their way to Iraq with relative impunity. One Australian official was quoted as

- saying that the blockade was a useful means of making sure that ‘no other bastard takes over the trade.’” (127).
70. See “Australia, Iran To Cooperate on Chemical Weapons Convention,” Xinhua General Overseas News Service, May 17, 1991, found at Lexis-Nexis (accessed April 13, 2007). Background interviews with Australian policymakers also confirmed Iranian-Australian cooperation over the chemical weapons convention.
  71. See Voice of the Islamic Republic of Iran (May 17, 1991) as reported in the BBC Summary of World Broadcasts found at Lexis-Nexis (accessed April 13, 2007). For a slightly critical account of Iranian efforts in regard to the refugees, see John O’Neill, “Aid Rots While the Officials Posture,” *Sydney Morning Herald*, May 11, 1991, 18.
  72. Iran remained Australia’s largest export market in the Middle East as well as its largest market for wheat worldwide. Exports for 1990-1991 stood at \$614 million. In addition to wheat, barley and meat, Australia shipped iron and steel ingots, textiles, yarn and vegetables to Iran.
  73. See “Export Agreement Signed with Iran,” Australian Foreign Affairs and Trade Monthly Record 62, no. 8 (1991): 508-509. Agreements on a revised health protocol for meat exports telecommunications and cooperation between the two countries’ banking systems were also signed at this time.
  74. Neal Blewett, “Australia and Iran’s Growing Relationship,” *Australian Foreign Affairs and Trade Monthly Record* 62, no. 8 (1991): 464-466.
  75. Missions or embassies were attacked in New York, Ottawa, Bonn, The Hague, Stockholm, London, Oslo, Copenhagen, Berne and Paris.
  76. Peter Clack, Tony Wright and Verona Burgess, “Embassy Melee: How Did This Happen?” *Canberra Times*, April 7 1992, 2.
  77. Interview with Ambassador John Oliver, August 2007.
  78. Quoted in Nicole Leedham, “Ambassador, Ministry at Odds,” *Canberra Times*, April 7, 1992, 1.
  79. Quoted in Tony Walker, “Evans Offers Iran Embassy Apology,” *The Age*, May 12, 1992, 9.
  80. “Senator Evan’s Visit to the Middle East,” (June 5, 1992) DFAT Backgrounder 3 (10): 7.
  81. Walker, 9.
  82. Kianousche Dorrane, “Ties with Australia Free to Develop: Iran President,” Agence France-Presse, May 12, 1992, found at Lexis-Nexis (accessed April 13, 2007).
  83. Ibid.
  84. “Senator Evans’ Visit to the Middle East.”

85. Ibid.
86. Quoted in Warren Osmond, "Mixed Feelings as Sydney Marks Iran's Revolution," *Sydney Morning Herald*, February 9, 1994, 15.
87. This measure was implemented as part of the larger US strategy of "dual containment" against Iran and Iraq.
88. "Foreign Reaction to US Sanctions; Australia Will Not Follow USA in Imposing Trade Ban on Iran," Radio Australia, May 2, 1995, through the BBC Summary of World Broadcasts (May 4, 1995) found at Lexis-Nexis (accessed April 13, 2007).
89. See Don Greenlees, "How We Turned a Blind Eye to Iran," *The Australian*, May 31, 1997, 1.
90. Quoted in Michael Kapel, "Risky Business: BHP's Iran deal," *The Australia/Israel Review*, May 1-14, 1998, <http://www.ajiac.org.au/review/1998/235/bhp.html> (accessed April 15, 2007): <http://www.ajiac.org.au/review/1998/235/bhp.html>.
91. The sanctions were later tightened and the allowable investment decreased to US\$20 million.
92. Quoted in Don Greenlees, "Fischer Opposes US Embargo on Iran, Libya," *The Australian*, August 8, 1996, 2.
93. Ibid.
94. Quoted in Kalinga Seneviratne, "Iran/Libya: Canberra Too Criticizes US Third Party Sanctions," *Business and Industry Newsletter*, August 13, 1996, found at Lexis-Nexis (accessed June 9, 2007).
95. Ibid.
96. Ibid.
97. Confidential interview.
98. Quoted in David McKenzie, "Envoy Recalled in Iran Link to Terror Killings," *The Australian*, April 12, 1997, 2. For calendar year 1996, Australia enjoyed a \$622 million trade surplus with Iran. It had exports of \$650 million and imports of only \$28 million. The bulk of these exports were wheat, followed by coal (\$34.5 million), wool (\$12.3 million) and sugar, molasses and honey (\$11.3 million).
99. Quoted in "Australian Grain Growers Urge Pragmatic Response to Iranian Terrorism," Agence France Presse, April 13, 1997, found at Factiva (accessed August 13, 2007).
100. Michael Byrnes, "Iran Crisis Could Depress World Wheat Market – AWB," Reuters, April 14, 1997, found at Factiva (accessed August 13, 2007).
101. Quoted in Don Greenlees, David McKenzie and Patrick Smellie, "Pressure to Cut \$1bn Credit to Iran," *The Australian*, April 15, 1997, 1.

102. Don Greenlees, "Diplomat returns to Tehran," *The Australian*, April 18, 1997, 6.
103. Interview with Ambassador Stuart Hume, August 2007.
104. John Macleay, "BHP Pipeline Should Not Face US Sanctions, Says Cheney," *The Australian*, April 20, 1998, 35. The article quotes then Halliburton CEO, Dick Cheney as noting, "I think we'd be better off if we in fact backed off these sanctions...didn't try to impose secondary boycotts on companies like BHP trying to do business there." Cheney was also quoted saying, "I think the Iranian policy the US is following is also inappropriate, frankly...I think we ought to begin to work to rebuild those relationships with Iran...It may take 10 years but it's important that we do it." Also of concern to BHP was that its CEO, Paul Anderson, was an American citizen. A 1995 Executive Order signed by President Clinton would allow the prosecution of any US citizen involved with such investments in Iran. See Nick Hordern, "Clinton Law Shadows BHP's Iran Project," *The Australian Financial Review*, March 31, 1999, found at Lexis-Nexis (accessed April 13, 2007).
105. Quoted in "Fischer To Revive Iran Trade," *The Weekend Australian*, January 30, 1999, 8.
106. Interview with Ambassador Hume.
107. Ibid.
108. Nick Hordern, "Iran Poll Result Good News for Trade," *Australian Financial Review*, February 23, 2000, found at Lexis-Nexis (accessed April 13, 2007).
109. "Iran-Australia Joint Ministerial Meeting Press Conference with Trade Minister Mark Vaile," (April 4, 2000), [http://www.dfat.gov.au/media/transcripts/2000/000404\\_vaile\\_iran\\_jmc.html](http://www.dfat.gov.au/media/transcripts/2000/000404_vaile_iran_jmc.html). (accessed March 25, 2007).
110. Ibid.
111. The Foreign Minister specifically raised the matter of 13 Iranian Jews on trial for espionage with Khatami, Kharrazi, Rafsanjani and other Iranian officials he met on the trip. He would later relate that Australia has made 27 different representations to the Iranian government over the matter and that, "Our Embassy in Tehran has been more deeply engaged in monitoring the trial than that of any other nation...[to the Iranian officials met] I explained that the conduct of the trials had damaged international perceptions of Iran, and urged the Iranian government to show sensitivity during the appeals process." See Alexander Downer, "Australia and the Middle East Peace Process" (Speech before the Annual Assembly of the State Zionist Council of Victoria and Melbourne), December 5, 2000, (accessed April 20, 2007): <http://www.dfat.gov.au/media/speeches/foreign/2000>
112. "Downer Bullish on Iran Energy," *Herald Sun* (Melbourne), August 2, 2000, 39.
113. Ibid. A week prior to Downer's statement, the Italian oil company ENI inked a

- deal with Tehran to develop a gas field in the Gulf. The contract was estimated to be worth \$US3.8 billion.
114. Department of Foreign Affairs and Trade (2001) 'Middle East' in Annual Report 2000/2001, [http://www.dfat.gov.au/dept/annual\\_reports/00\\_01/s02/02\\_1-1-4.html](http://www.dfat.gov.au/dept/annual_reports/00_01/s02/02_1-1-4.html). (accessed March 23, 2007).
115. Some 20 Australians were killed in the 9/11 attacks.
116. Roger Bell, "Extreme Allies: Australia and the USA," in *Trading on Alliance Security: Australia in World Affairs 2001-2005*, eds. James Cotton and John Ravenhill (Melbourne: Oxford University Press/The Australian Institute of International Affairs, 2007), 28. See also James Cotton and John Ravenhill, "Trading on Alliance Security: Foreign Policy in the Post 11 September Era," 3-19 in the same edited volume.
117. In March 2003, Foreign Minister Downer announced the creation of a new post: "The Ambassador for Counter-Terrorism will provide a focal point for coordinating, promoting and intensifying the Government's international efforts to combat terrorism." [See "With War in Iraq Looming, Australia Names Counter-terror Czar," Agence France Presse, March 20, 2003, found at Factiva (accessed August 13, 2007).] Veteran diplomat Nick Warner was tapped to be the first Ambassador. Among Warner's many international postings was Ambassador to Iran (1994-1997).
118. See Alan Doig et. al. "Marching in Time: Alliance Politics, Synchrony and the Case for War in Iraq, 2002-2003," *Australian Journal of International Affairs* 61, no. 1 (2007): 23-40.
119. Quoted in Bell, 35.
120. Quoted in Matt McDonald, "Perspectives on Australian Foreign Policy, 2004," *Australian Journal of International Affairs* 59, no. 2 (2005): 165.
121. For a detailed official account of Australia's early involvement in the Iraq War, see Government of the Commonwealth of Australia, Department of Defence (c2004) *The War in Iraq; ADF Operations in the Middle East in 2003*, <http://www.defence.gov.au/publications> (accessed April 15, 2007).
122. Australian diplomats, who have served in Iran since 2001, note the "frank dialogue" that Australia and Iran engage in over Australia's military involvement in Afghanistan and Iraq. The Australians hold regular meetings with the Iranians "to get a read" on Tehran's perceptions of developments. There are sharp points of disagreement. Iran has said that Australia should not be involved in these conflicts, but Tehran does express understanding why Australia is involved given its alliance relationship with the United States. As one diplomat stated, "Australia

- enjoys a political relationship with Iran that is robust enough to conduct frank discussions on a range of important issues, including Iran's nuclear program, Iraq, Afghanistan, terrorism and disarmament issues." (Confidential interviews).
123. "Downer Begs to Differ," *The Australian*, January 31, 2002, 1.
124. Mark Vaile on Meet the Press, Network Ten, April 13, 2003, [http://www.dfat.gov.au/media/transcripts/2003/030413\\_meet\\_press.html](http://www.dfat.gov.au/media/transcripts/2003/030413_meet_press.html), (accessed April 18, 2007).
125. Australia's overall human rights policy is perhaps best summed by former Foreign Minister Gareth Evans and Bruce Grant: "Strident and aggressive condemnation of what to us is unconscionable behaviour may be good for domestic morale – and may sometimes be the right note to strike for maximum effect, especially when accompanied by an international chorus. But more often than not, quite apart from any risk to other aspects of the relationship, this kind of approach will be counter-productive in that it will generate a wounded, defensive reaction more likely to reinforce than undermine the behaviour pattern in question. Australia has been possibly the most active country in the world in recent years in making bilateral representations on human rights matters...sometime publicly, when we judged it not counter-productive, but usually more quietly...the choice is not whether to act, but how to act." [Evans and Grant, 42-43].
126. Australia also has formal human rights dialogues with China, Laos and Vietnam.
127. See "Australia's Bilateral Human Rights Dialogues," [http://www.dfat.gov.au/hr/dialogue\\_iran.html](http://www.dfat.gov.au/hr/dialogue_iran.html) (accessed March 25, 2007).
128. Parliament of the Commonwealth of Australia, Joint Standing Committee on Foreign Affairs, Defence and Trade (2005) Australia's Human Rights Dialogue Process, 6-7; 66. <http://www.aph.gov.au/house/committee/jfadt/hrdialogue/report/fullreport.pdf>. (accessed April 15, 2007).
129. See Ibid. and "Australia's Bilateral Human Rights Dialogues."
130. "Iran, Australia to Develop Human Rights Dialogue," IRNA, December 11, 2002 as monitored by the British Broadcasting Corporation Worldwide Monitoring, found at Lexis-Nexis (accessed April 13, 2007).
131. See Australia's Human Rights Dialogue Process, Human Rights and Equal Opportunity Commission, Submission 14: 29; 32 quoted in Andrew Sainsbury, *Australia and Iran: A Review of Important Issues and the Bilateral Relationship, A Research Report for the Australian National Internship Program and the Senate Committee on Foreign Affairs, Defence and Trade* (Canberra: Australian National Internship Program, Australian National University, 2004): 34.
132. See "Australia Tells Iran to Take Care of Unwanted Asylum-seekers," Agence France Presse, January 16, 2003, found at Lexis-Nexis (accessed April 13, 2007)

- and Department of Immigration and Citizenship “Fact Sheet 80b: Reintegration Package for Iranians,” <http://www.immi.gov.au/media/fact-sheets/80b> (accessed April 4, 2007)..
133. Peter Jean, “Fed: Vanstone Defends Decision to Allow Deportations to Iran,” Australian Associated Press, April 9, 2004, found at Lexis-Nexis (accessed April 13, 2007).
134. John Kerin, “Downer to Push Iran Ties,” *The Australian*, May 12, 2003, 6.
135. Quoted in “Australia’s Downer Grills Iran Over Nukes, Al-Qaeda, Iraq,” Agence France Presse, May 25, 2003, found at Lexis-Nexis (accessed April 13, 2007).
136. Ibid.
137. Ibid.
138. “Australian Foreign Minister to Visit Iran” (May 26, 2003), [http://www.foreignminister.gov.au/releases/2003/fa053\\_03.html](http://www.foreignminister.gov.au/releases/2003/fa053_03.html) (accessed August 21, 2007).
139. “Questions Without Notice,” May 28, 2003, [http://dfat.gov.au/qwon/2003/qwn\\_030528b.html](http://dfat.gov.au/qwon/2003/qwn_030528b.html) (accessed April 18, 2007)...
140. Quoted in “Australia, Iran to Negotiate Investment Agreement,” ABC, September 12, 2002, <http://www.abc.net.au/news/newsitems/200209/s674651.htm> (accessed May 23, 2007). In the Media Release issued after the JMC ended, DFAT stated that “Australian-Iranian trade relations were set to move to a new plane.” It also made note that “The JMC communiqué highlights the maturing of Australia-Iran commercial relations, by emphasizing a greater commitment to moving beyond traditional trade patterns to new sectors such as investment, services and technological transfer.” [“Australia-Iran Trade Relations Move to a New Plane,” (September 12, 2002) [http://www.trademinister.gov.au/releases/2002/mvmt109\\_02.html](http://www.trademinister.gov.au/releases/2002/mvmt109_02.html) (accessed March 25, 2007).
141. “Communiqué Ninth Joint Ministerial Commission of the Islamic Republic of Iran and Australia,” [http://www.dfat.gov.au/geo/iran/jmc\\_communique\\_2002.html](http://www.dfat.gov.au/geo/iran/jmc_communique_2002.html) (accessed March 25, 2007).
142. Quoted in “Iraq Deployment Makes Australia a Terrorist Target: Iran,” (August 12, 2004) ABC Online, August 12, 2004, <http://www.abc.net.au/news/newsitems/200408/s1174993.htm> (accessed May 23, 2007).
143. Exports rebounded a bit by 2006. Australia sold \$A334 million to Iran in 2006 – the largest amount of exports to the IRI since 2002, <http://www.dfat.gov.au/geo/fs/psia.pdf> (accessed November 7, 2007) .
144. Reflecting in 2007, BHP spokeswoman Samantha Evans stated, “In 2003 we did a pre-feasibility study into the technical, commercial and economic merits of building the pipeline [2,500-kilometres from South Pars through Pakistan into



- India]. We found it was commercially viable to build, but much now depends on the governments of Iran, Pakistan and India coming to a political agreement.” Quoted in Mark Hawthorne, “Shell Iran Deal Revives BHP Pipedream,” *The Age*, January 31, 2007, <http://www.theage.com.au> (accessed April 15, 2007).
145. Confidential interview.
146. See Reuters, “Australia Quizzes Iran on Rocky Wheatless Trade,” May 24, 2004, <http://in.news.yahoo.com/040524/137/2d9vu.html> (accessed May 16, 2007).
147. Quoted in *Ibid.*
148. Confidential interview.
149. Alexander Downer (October 28, 2005) [http://www.foreignminister.gov.au/releases/2005/fa134\\_05.html](http://www.foreignminister.gov.au/releases/2005/fa134_05.html) (accessed May 16, 2007)..
150. Quoted in “Howard Compares Iran to Nazi Germany,” *The Age*, May 20, 2006, <http://www.theage.com.au/news/world> (accessed May 24, 2007).
151. “Foreign Ministers of Iran, Australia Discuss Arrest of British Sailors on Phone,” IRNA, March 30, 2007, as monitored by the British Broadcasting Corporation found at Lexis-Nexis (accessed April 13, 2007).
152. “Explosive Device May Have Been Iranian: Nelson,” ABC News, October 9, 2007, <http://www.abc.net.au/news/stories/2007/10/09/2054530.htm> (accessed October 19, 2007).
153. “Downer Slams Iran over Weapons Supplies,” ABC News, September 27, 2007, <http://www.abc.net.au/news/stories/2007/09/27/2044646.htm> (accessed October 19, 2007). .
154. Kevin Rudd, “Fresh Ideas for Future Challenges: National Security Policy under a Labor Government” (Address to the Australian Strategic Policy Institute, Canberra, August 8, 2007), <http://www.aspi.org.au> (accessed August 24, 2007)
155. *Ibid.*
156. Labor’s initial idea was to bring the Iranian President before the International Court of Justice (ICJ). But since the ICJ only handles cases involving countries and not individuals, the ALP refined the proposal and substituted the ICC as the venue.
157. Dennis Shanahan, “Rudd Vows to Charge Iran Leader,” *The Australian*, October 3, 2007, 1.
158. *Ibid.*
159. “Downer Dismisses Rudd’s Iran ‘Stunt’” (October 3, 2007) ABC News, <http://www.abc.net.au/news/stories/2007/10/03/2049582.htm> (accessed October 19, 2007).



160. Jonathan Pearlman, "Caution at Iranian Overtures," *Sydney Morning Herald*, February 27, 2008, 7 found at Lexis-Nexis (accessed April 13, 2008).
161. Phillip Coorey, "The Middle Man," *Sydney Morning Herald*, April 5, 2008, 2,9 found at Lexis-Nexis (accessed April 13, 2008). Author's emphasis.



## Chapter Three

### **Canada and the Shah's Iran**

Historically, Canada had very few political ties with the Middle East. For much of the first half of the 20<sup>th</sup>-century, the region failed to register on Ottawa's diplomatic radar. The country was content to allow the UK to handle its limited interests in the area, including those in Iran. Muhammad Chohan explains, "Canada's general lack of interest in [the] Middle East may be attributed to the fact that the Middle East had a history of political upheaval and it was not attractive as a trade region."<sup>1</sup> In the immediate post-World War II period, Canada's Middle East policy initially assumed its form through membership in the United Nations and other multilateral forums, such as NATO, in lieu of any significant developments on the bilateral level. Its first forays in the region arose out of humanitarian concerns related to the Palestine conflict (Egypt and Israel) or its military alliance obligations (Turkey) and did not focus on Iran or the Gulf States. Later as Britain's influence waned in the period after Suez, Canada began to take an independent interest in enhancing relations with Iran. Even then it required a Tehran-initiated courtship and multiple regional crises in 1958 before Ottawa agreed to establish diplomatic relations with Iran. Once launched, the relationship languished for a dozen years before Canadian economic interests, as well as its desire to diversify trade away from the heavy interdependence it had with the US, created an impetus to deepen ties with other countries including Iran. Following the Islamic Revolution, Canada often found itself caught politically and economically between Washington and Tehran. Given its profound geographical and trade connections to the US,

Canada did not have the same freedom of movement exhibited by Australia in its own relationship with the IRI. With this said, over the past three decades, Ottawa has been able to create its own diplomatic space, distinctive in many respects from its powerful southern neighbor, when it comes to Iranian policy. The rhythm of the Iranian-Canadian relationship would often be at odds with Washington's views. Bilateral ties grew stronger after 9/11 only to experience a rupture in 2003, tied not to an American "axis of evil" mindset, but the torture and murder of a Canadian dual-citizen in an Iranian prison.

### **The Evolution of Canadian Foreign Policy**

However, before addressing Canadian-Iranian ties, it is important to place this relationship within the overall evolution of Ottawa's diplomatic history. Canada incrementally established its own formal diplomatic relations with other countries as it gradually asserted foreign policy independence from London starting in the late 19<sup>th</sup> century. Although Canada traces its creation to the British North American Act of July 1867, Britain, as the former colonial power, viewed the new entity as only semi-autonomous within the context of the larger Empire. The British still controlled most aspects of both foreign and defense policy. Canada did not have its own recognized diplomat posted abroad until 1880 when London grudgingly gave accreditation to a Canadian High Commissioner. The representative was pointedly termed a 'High Commissioner' and not 'Ambassador' to denote the fact that countries do not send ambassadors to parts of themselves. With British encouragement, Canada established its own Department of External Affairs in 1909. The department was not a foreign office per se for it largely dealt only with cross-border issues between the US and Canada. These matters were previously handled by the British Embassy in Washington.

Following World War I, Canada secured separate membership in the League of Nations. Ottawa's involvement with the League, the completion of its first bilateral treaty and the establishment of independent legations in Washington, Paris and Tokyo heralded a burgeoning sovereign foreign policy for Canada by 1926. Although as Chohan observes, "The principle tasks of these legations did not relate to diplomatic activity since their main duties were to promote immigration and commercial ties."<sup>2</sup> Canada's new sovereign status was formally recognized by the United Kingdom in 1931 with the Statute of Westminster. After that date, Canada's foreign policy would be its own,

although Ottawa would closely follow the leads of London and Washington, especially regarding the Middle East. Prior to the start of World War II, Canada operated just seven foreign posts (in addition to the ones outlined above, others included Australia, Ireland, New Zealand and South Africa). By 1946, it had 26 missions, as well as its post at the United Nations.<sup>3</sup> However none of these missions were located in Middle Eastern states.<sup>4</sup>

### **Canada and the Middle East: Finding Expression through the UN**

It is often asserted that Canada's Middle East policy "found expression" through the United Nations. As a report prepared for the Senate Standing Committee on Foreign Affairs in 1985 explains:

Canada's contacts with the Middle East have developed in an unusual way. Most of Canada's international relationships have grown from links based on geography, immigration, trade or membership in the Commonwealth. Canada's initial Middle East involvements came from none of these factors but resulted instead from its early prominence in the United Nations...<sup>5</sup>

Ottawa was an early proponent of UN involvement on the Palestine question. Canada served on the 11-member UN Special Committee on Palestine (UNSCOP) and its representative, Ivan Rand, was a forceful advocate of partitioning the British mandate into Jewish and Arab states. It was also a Canadian, Lester Pearson, as chairman of the UN's First Committee, who would have overall responsibility for UNSCOP. A decade later, Pearson as Canada's External Affairs Minister, would become intimately involved in UN efforts to resolve the Suez Crisis. He is credited with using the provisions of the UN Charter to fashion what would become the organization's first true peacekeeping mission. The United Nations Emergency Forces (UNEF), to which Canada contributed significant personnel, was placed on the Egyptian-Israeli border following the Suez crisis. For his mediation efforts, Pearson was awarded the Nobel Peace Prize in 1957. Canada's diplomatic involvement during this period was pivotal in defusing the crisis, but as Tareq Ismael correctly asserts:

Canada's primary concern was not the resolution of the Arab-Israeli conflict, but rather the resolution of differences of opinion within the western alliance and within the Commonwealth. In a word, Canada wanted to solve a NATO and Commonwealth problem, not the Arab-Israeli problem...The

Suez crisis thus demonstrated that Canadian policy toward the Middle East was based upon a calculation of interests in which the Middle East itself played no intrinsic role.<sup>6</sup>

It was only as Canada became more confident of its own international political standing in the 1950s and observed possible new trade avenues with Middle Eastern states did Ottawa actively pursue a corresponding expansion of its direct diplomatic ties with other regional actors, including Iran.

### **The Establishment of Diplomatic Ties with Iran**

On the bilateral level, political contact between Canada and Iran throughout the mid-1950s was minimal. Commercial ties were also modest during this period. And, similar to the Australian case study, the United Kingdom handled Canadian affairs with Iran through the British Embassy in Tehran. When Ottawa did weigh in on Iranian matters, it was frequently due to an intersection with British interests there. For example, Canada roundly condemned the Mossadeqh government's oil nationalization in 1951. External Affairs Minister Pearson termed Tehran's actions a "unilateral breach of a solemn pledge...injuring the structure of international law."<sup>7</sup> Despite strong declaratory support for the British position during the crisis, Canada did oppose the UK's policy of blockading Iranian oil shipments. After Mossadeqh severed diplomatic relations with London in October 1952, like the UK and Australia, Canada secured the services of Switzerland to represent its interests in Iran. "This did not imply a breach of diplomatic relations between Canada and Iran," the External Affairs Department noted, "but merely the closing of a normal channel of communication between Canada and Iran through the intermediary of the United Kingdom Government."<sup>8</sup> Once UK-Iranian diplomatic ties were restored in December 1953, Canada's interests were again formally represented by Britain.

However, the 1951-1953 crisis prompted a reconsideration of Ottawa's diplomatic position vis-à-vis Tehran. Following a visit to the Department of External Affairs (DEA) by an Iranian official, in Canada on a UN program, the Department crafted a memorandum addressing the issue.<sup>9</sup> The September 1951 document examined the pros and cons of establishing a mission in Iran. On the plus side was Tehran's useful location for providing information about the USSR and the Middle East itself where Canada was largely unrepresented as well as the possibility of increased trade ties between the

two countries. In the negative column were budgetary constraints and long-standing Department plans to open missions in Israel and an Arab country. In the end, non-Arab Iran was not considered a priority for Canadian policy. The matter was not raised again until 1954. After a prominent member of Canada's governing Liberal Party apparently told the Iranian Foreign Minister of his personal hope for the establishment of diplomatic relations, Iran began making unofficial overtures through Canada's mission in Moscow and the British Embassy in Tehran about unilaterally opening a legation in Ottawa. Accordingly, DEA again examined the matter in early 1955. After noting that Canada had opened embassies in Egypt and Israel, as well as a legation in Lebanon since its last review, External Affairs once more cited budgetary constraints as the basis for not promoting a similar course of action for Iran. In making this recommendation, DEA cautioned against the Trade and Commerce Department being allowed to open a Canadian office in Tehran. "The political situation in Iran is simply too delicate to leave to a trade officer," the August 1955 memorandum stated, "We ought to try to stall Trade and Commerce until we are ready ourselves to assume control of a Canadian Government office in that part of the world."<sup>10</sup>

Later in 1955, the Iranian Ambassador to Washington contacted his Canadian counterpart to formally request permission for his country to establish a mission in Ottawa. This request was granted by the Louis St-Laurent Government, but it was made clear that Canada would be unable to reciprocate for the foreseeable future. In May 1956, the Shah's first diplomatic representative, Ali Motamedi, took up residence in Ottawa.

Bureaucratically, the Department of External Affairs was restructured at this time to create a distinct Commonwealth and Middle Eastern Division. Prior to these changes, structurally, the Middle East had been "treated as an adjunct of Europe" by DEA.<sup>11</sup> With an Iranian diplomatic presence now installed in Ottawa and with the eruption of the Suez Crisis in July 1956, External Affairs again re-examined its position concerning a mission in Tehran. An August 1956 memorandum highlighted the fact that Iran had "turned away...from its unsuccessful excursion into the economic and political wilderness of extreme nationalism."<sup>12</sup> Thus, the document continued:

For considerations of a strategic nature it would perhaps be short sighted for Canada to neglect the present opportunity to show its regards for a state which wants closer contacts with this country and which this country wished to have on its side in the continuing struggle between East and West.<sup>13</sup>

Despite this analysis, Prime Minister St-Laurent did not immediately move to open a mission in Iran. The often cited financial constraints were beginning to be seen as excuses by the Shah's government, especially after Canada set up High Commissions in Ghana and Malaya. While Ottawa considered these two new countries as important members within the Commonwealth, Tehran did not share the same level of regard for them and found it difficult to understand why Canada was still dragging its feet with respect to its presence in Tehran. Following federal elections, the Progressive Conservatives, under Prime Minister John Diefenbaker, came to power in June 1957 and again External Affairs pushed for the opening of a Canadian mission in Iran. The Shah's government also continued to exert subtle pressure upon Ottawa to change course. Canada's Ambassador to Argentina, Philippe Picard wrote in December 1957:

An official of the Iranian Embassy in Buenos Aires told me last week in the course of conversation that he felt Iran would not likely keep its Mission in Ottawa open if there was no prospect of having a Canadian Mission established in Tehran... The diplomat concerned insisted that he was not making an official demarche and that he was expressing a personal opinion rather than his Government's policy. He mentioned, however, that he had just received news from Tehran that in reply to criticism on the external affairs budget about the opening of missions in four countries with which Iran had very little trade, the Foreign Minister pointed out that three of these countries had already sent missions to Tehran; the fourth, however, which has not reciprocated, is Canada.<sup>14</sup>

DEA responded to Ambassador Picard's report by noting that, "The Iranian officials in Ottawa have also given us intimations about the possibility of a withdrawal of their mission here and have drawn to our attention questions about this situation that have been asked in the Iranian Majlis."<sup>15</sup> This same concern permeated External Affairs Minister Sidney Smith's December 5, 1957 address before the House of Commons External Affairs Standing Committee in which he stated that Canadian representation in the Middle East "badly needs broadening and reinforcing."<sup>16</sup> The DEA memo concluded by underscoring:

Iran was one of the cases which we particularly had in mind in briefing the Minister on this general question. A memorandum making a suggestion as to the timing of the opening of a post in Tehran is now in the course of preparation for the Minister, but it would not of course be appropriate to mention this fact to any Iranian representatives until we have the Minister's (and Government's) reaction.<sup>17</sup>

It was not until February that External Affairs Minister Smith indicated



support for this course of action. On February 7, Iranian Minister Motamedi was informed that Canada would give top priority to inaugurating a mission in his country during the spring. However, it took the 1958 Lebanese Civil War and a revolution in Iraq, which toppled the pro-British monarchy, for Diefenbaker to formally announce this policy. On July 25, the Prime Minister informed the House of Commons of his decision to inaugurate a permanent mission in Iran as well as to raise the diplomatic status of Canadian representatives in Israel and Lebanon.<sup>18</sup> Diefenbaker stated, "These countries represent to us the standard bearers of freedom in that section of the Middle East which, up to the present time, have not received the diplomatic representatives which they had been desirous of having and have been entitled to have."<sup>19</sup> Tehran appreciated Ottawa's overture, but since Diefenbaker's decision was being made during a time of intense crisis in the Middle East, it indicated a preference that Canada establish a legation rather than an embassy in Tehran.<sup>20</sup> Ottawa had originally proposed an exchange of embassies, but acceded to Iran's wishes.<sup>21</sup> Canada's first Minister to Iran, George Summers, presented his credentials to the Shah in March 1959, almost three years after Iran had sent a Minister the other way. In November 1960, Foreign Minister Yadollah Azodi informed Summers that the Shah favored elevating the missions to embassy status. The Diefenbaker government concurred. One of the DEA arguments given in supporting this change was that "Queen Elizabeth will be visiting Iran early in the New Year, it is especially desirable that Mr. Summers have the same status as his Commonwealth colleagues."<sup>22</sup> On December 8, the two governments simultaneously announced that "in view of the importance of their relations" contacts now would be at the embassy level.<sup>23</sup> Summers officially presented his new diplomatic credentials in February 1961 to become Canada's first ambassador to Iran.<sup>24</sup>

### **Early Steps: Canada-Iran Relations 1961-1971**

Following the exchange of ambassadors in 1961, the commercial relationship grew steadily but also slowly and one-sidedly. Petroleum was the main Iranian export to Canada. Between 1961 and 1972 Canada received 241 million barrels of oil from the Iran.<sup>25</sup> By 1970, these petroleum imports were valued at nearly \$34 million annually. However, during the same period, Canada exported only about \$8 million in goods to Iran each year.<sup>26</sup> Hence, Tehran enjoyed a healthy trade surplus in its dealings with Ottawa during this stage of the bilateral commercial relationship.

On the political side, contacts increased, culminating in a week-long May 1965 state visit by the Shah and Empress to Canada. In addition to Ottawa, the royal couple traveled to Toronto, Quebec City and Montreal, where they dedicated the future Iranian pavilion at the site of the Universal Exhibition (Expo'67). At a Rideau Hall State Banquet, Governor-General Georges Vanier described his guests' presence as "a long-awaited opportunity for us to express direct the admiration which Canadians feel for you, not simply as the crowned head of a friendly monarchy but as a wise and far-sighted leader whose courageous foreign policies and constructive reforms have made his country a model of stability..."<sup>27</sup> Throughout the visit, both Canadian and Iranian statements highlighted the Shah's "progressive" or "enlightened" rule. The final official communiqué underscored shared international concerns such as the plight of developing countries (from which the Shah pointedly excluded Iran owing to its "unlimited resources and wealth"<sup>28</sup>), the United Nations and "a common collective conviction that the defensive alliances of the free world continue to play an essential part in deterring aggression."<sup>29</sup> Yet, the communiqué was short on specifics regarding the bilateral relationship. It spoke only in nebulous terms about the "desirability of an increased volume of trade" and the "hope to further cultural ties."<sup>30</sup> The Shah paid a return trip to Canada in 1967 to attend Expo '67. The original June 9 date was canceled while the monarch was en route to Canada, due to the outbreak of the Arab-Israeli War. Instead, Iran's Economics Minister represented his country on Iran's national day at the Expo. After talks with the US in August, the Shah made a two-day private stopover in Montreal to go to the Expo. Two months later, on the occasion of the Shah's formal coronation, Iran's Ambassador Esfandiary hosted a special reception in Ottawa. It was attended by a virtual who's who of Canadian officialdom, including Justice Minister [and future Prime Minister] Pierre Trudeau and External Affairs Minister Paul Martin. In his toast to the Shah, Martin emphatically noted, "As Iran's prestige in international affairs continues to grow, it is my sincere wish that the ties between our countries, already strengthened by their Imperial Majesties' visits, may in the future become closer still."<sup>31</sup> At the Iranian coronation ceremonies themselves, Canada was represented by its Chargé d'affaires.<sup>32</sup>

The first major visit by a high-ranking Canadian minister to Iran did not take place until November 1969. External Affairs Minister Mitchell Sharp traveled to Iran as part of a larger Middle East tour, which also included Israel and Egypt. Sharp met with the Shah as well as Iran's Prime Minister and Foreign Minister. In reporting back to the House of Commons, Sharp

devoted his extensive remarks largely to the Arab-Israeli conflict and noted that “our Middle Eastern policy has largely found expression through the United Nations.”<sup>33</sup> On Iran specifically, Sharp stated, “I found a nation some 6,000 miles from Canada, in the heart of the Middle East, pursuing a Middle Eastern policy closely parallel to our own.”<sup>34</sup> However, Sharp did not detail any specific aspects of the bilateral ties in these remarks.

### **A Pivotal Decade: Canada-Iran Relations in the 1970s**

In many respects, 1971 was a turning point for Canadian-Iranian bilateral ties. At that time, the Trudeau government was seeking new trade relationships in a bid to break Canada’s heavy reliance on the US as its principal trading partner and the inherent vulnerability that this reliance placed on Canada’s economy. In seeking trade diversification and the strengthening of Canadian “ownership” of its economy (formally called the “Third Option” policy), Trudeau sought to expand commercial ties with other countries, while at the same time staking out a more independent role for Canada on the world stage.

In January, the Prime Minister made an overnight stop in Iran on his way home from the Commonwealth Heads of Government Conference in Singapore. During this brief layover, Trudeau met with both the Shah and Prime Minister Hoveyda. In June, Empress Farah paid a solo visit to Ottawa and Montreal. At the site of the former Expo 67 – now reconfigured as an annual “Man and His World” exhibition – the Empress inaugurated a special exhibit celebrating the 2,500th anniversary of the founding of the Persian Empire. And that October, Governor-General Roland Michener represented Canada at the actual lavish celebrations in Persepolis marking this anniversary. The official gift, given on behalf of Canada by Michener, was two fully-equipped ambulances. Following the Governor-General’s trip, External Affairs summed the commonalities found in the bilateral relationship:

Iran and Canada are nations of modest size, having important direct relations with much more powerful states and being highly dependent on their international trading relations. Both, therefore, have a high stake in the preservation of international stability through the use of international institutions, which enable the less-powerful nations to play an active role in international decision-making. As a result, Canada and Iran often find themselves working in close co-operation in various international forums in the pursuit of shared policy objects. Iran’s expanding economy has made for an increasing mutual interest in promoting valuable commercial relations between the two countries.<sup>35</sup>

More significant than the high-level visits and common foreign policy orientations was the April 1971 decision by the Ministry of Industry, Trade and Commerce to extend \$100 million in credit to Iran.<sup>36</sup> With this line of credit, the Shah's government would purchase vast amounts of military and aviation software from Canadian suppliers over a multi-year period. Two years later, the Canadian Export Development Corporation extended more than \$132 million in loans to aid the sale of a pulp and paper enterprise to Iran.<sup>37</sup> The influx of petro dollars into Iran following the quadrupling of oil prices in the 1973-1974 period further built commercial ties.

In April 1974, Minister of Industry, Trade and Commerce Alistair Gillespie led a large trade delegation to Iran. Numerous areas of economic cooperation were discussed and the two countries agreed to establish a Canada-Iran Joint Economic Commission. During this time, Canada was exporting nearly \$60 million in products to Iran while receiving almost \$620 million of the now much more expensive petroleum in return.<sup>38</sup> Indeed in 1974, Iran provided Canada with a quarter of its total imported oil needs.<sup>39</sup> As a consequence, Iran held a 10:1 trade advantage over Canada. Ottawa hoped to narrow that gap and tap into the newly-found monies in Iran to encourage the sale of Canadian goods and services. Conversely, with its new resources, Iran's Prime Minister "wished to diversify its international role."<sup>40</sup> As Miron Rezun asserts, "Iran began taking a serious look at countries like Australia and Canada as key trading partners. Both offered the advantages of secure sources of raw materials [and] technical know-how with minimal apparent political liability."<sup>41</sup> And among the raw materials which interested Iran in both cases was uranium. Prime Minister Hoveyda, and a delegation which included Secretary for Atomic Energy Akbar Etemad, paid a visit to Canada in December 1974. During discussions with Hoveyda's team, the Trudeau government informed his guests that Canada would not supply enriched uranium to Iran, but the two states could pursue other avenues of atomic energy cooperation within the larger bilateral economic relationship.

The inaugural meeting of the Joint Economic Commission took place in Ottawa in July 1975. Nearly 100 Canadian business representatives were in attendance.<sup>42</sup> At the conclusion of the two-day gathering, Iran had inked deals worth more than \$1.3 billion with Canadian companies. Included among these long-term projects was an aluminum processing plant, as well as contracted services to set up an Iranian coast guard and a social security system.<sup>43</sup> Minister Gillespie noted that the \$1.3 billion in agreements was a record for business concluded with a single country at one time.<sup>44</sup> The Joint

Economic Commission also paved the way for numerous successful high-profile provincial trade visits to Iran.<sup>45</sup> Canadian exports would grow from just under \$59 million in 1974 to over \$146 million in 1975 and remain steady at that level through the outbreak of the revolution.<sup>46</sup> Passenger automobiles and trucks topped the list of Canadian products, but exports also included telecommunications equipment, prefabricated buildings, pulp/paper machinery, vehicle parts, copper and barley.<sup>47</sup> Additionally by 1978, Canadian firms had won engineering, consulting or training contracts in excess of \$500 million in areas as diverse as forest industries, hydro-electric power and oil exploration.<sup>48</sup> At the same time, the Trudeau government continued to keep open lines of credit to Iran worth between 500 million and one billion dollars.<sup>49</sup> Canada's emphasis on the commercial relationship with Iran was also very evident in its selection of Kenneth Taylor as its ambassador in August 1977. Taylor, prior to this assignment, was the Director-General of the Trade Commissioner Service. He replaced career diplomat James George. In describing George, Jean Pelletier and Claude Adams observe that he

was a serious intellectual, fascinated by social and religious trends in Iran, and his cables were neat monographs of style and erudition, but he was hardly a balance-sheet man. The embassy in Tehran needed a fresh infusion of energy, somebody who would cultivate the Iranian businessmen and commercial bureaucrats, who could tap the hundreds of millions of dollars that the Shah was pouring into his nation's development.<sup>50</sup>

Ottawa found in Taylor "a kind of super-salesman"<sup>51</sup> and while Tehran was his first ambassadorial posting, Taylor "became an ardent student of the Shah and his government, and showed a facility for political reporting – one of the crucial tasks of an ambassador."<sup>52</sup> It is also important to note the multiple diplomatic responsibilities both George and Taylor had in addition to being Ambassador to Iran.

When George received his diplomatic appointment in 1972, he was also accredited, in a non-resident capacity, as Ambassador to Kuwait. After Canada formalized links with Bahrain, Oman, Qatar and the United Arab Emirates in 1974, responsibility for the four new posts was also delegated to him. George would now oversee five non-residential postings, in addition to his duties in Tehran. Canada would have no staff or offices in any of the Arab countries. All management of bilateral ties with Ottawa, monitoring of local events and promotion of Canadian commercial interests were handled primarily from Iran. George recalls that he visited each of the countries

once or twice a year, but that Canada was at a “disadvantage” in both understanding what was happening in these countries and in promoting Canadian interests without a permanent presence there.<sup>53</sup> In the end, George notes, “Ottawa considered that Tehran was most of my job and that the Gulf was not as important in my allocation of time.”<sup>54</sup> As George’s successor in Tehran, Taylor was also responsible for these five other diplomatic posts. He acknowledged that the multiple accreditations “did not work very well” because of the demands of the bilateral Iran-Canada relationship.<sup>55</sup> When the long-planned establishment of an embassy in Kuwait finally occurred in early 1978, the timing coincided with the Iranian Revolution. Ottawa’s new resident ambassador in Kuwait assumed responsibility for Canada’s ties with Bahrain, Qatar and the United Arab Emirates. However, Taylor remained credentialed as ambassador to Oman because the Sultan refused to accept accreditation through the embassy in Kuwait City, asserting that an Emir held lesser royal status than a Sultan. As a courtesy to the Sultan, Canada covered Oman from Tehran until the revolution which would topple the Shah also led to the shuttering of Canada’s embassy in Iran.<sup>56</sup>

## Endnotes

1. Muhammad Anwar Chohan, “The Evolution of Canadian Foreign Policy toward the Middle East (1945-67),” *Pakistan Horizon* 38, no. 3 (1985): 16.
2. *Ibid.*, 15-16.
3. See Department of Foreign Affairs and International Trade (2007) “The Golden Age – 1945-1957,” in *Our Past: The History of the Department of Foreign Affairs and International Trade*, <http://www.international.gc.ca/departement/history/history-8-en.asp>. (accessed December 22, 2007)
4. In 1947 Turkey became the first Middle East country to host a Canadian mission. The embassy in Ankara was a by-product of the emerging Cold War and Turkey’s eventual membership in the western military alliance, NATO, which also included Canada.
5. Government of Canada, The Senate Standing Committee on Foreign Affairs, *Report on Canada’s Relations with the Countries of the Middle East and North Africa* (Ottawa: Minister of Supplies and Services Canada, 1985), 1.
6. Tareq Y. Ismael, “Canada and The Arab World: A Diplomatic History,” in *Canadian Arab Relations: Policy and Perspectives*, ed. Tareq Y. Ismael (Ottawa: Jerusalem International Publishing House, Inc., 1984), 18-19.

7. Quoted in Victor Levant, "Eyeless in Persia: External Affairs in Iran," *This Magazine* 14, no. 4 (1980): 7.
8. Government of Canada, Department of External Affairs, *Annual Report for 1952* (Ottawa, 1953), 13.
9. Department of External Affairs, file 9402-B-40, "Memorandum on Proposed Establishment of a Canadian Mission in Iran," September 22, 1951 quoted in Fred McEvoy (undated) "Canadian Representation in Iran" (unpublished background paper prepared by the Historical Section, Foreign Affairs and International Trade Canada), 1. Unless otherwise noted, much of the information in this section is drawn from McEvoy's paper. I am very grateful to the current DFAIT Historian, Mary Halloran, for providing me with this paper on May 18, 2007.
10. Department of External Affairs, file 9402-B-40, "Memorandum," August 22, 1955 quoted in McEvoy, 3.
11. Philip Stigger, "A Study in Confusion: Canadian Diplomatic Staffing Practices in Africa and the Middle East," *Canadian Journal of African Studies* 5, no. 3 (1971): 251. A separate Middle East division was established in 1957.
12. Department of External Affairs, file 9402-B-40, "Memorandum" August 1956 quoted in McEvoy, 4.
13. *Ibid.*
14. Library and Archives Canada, Establishment and Organization for the Canadian Embassy, Tehran, Iran, 1957/12/10-1963/04/01, Volume 7623, File 11336-105-40, The Canadian Embassy Buenos Aires, Argentina to the Secretary of State for External Affairs, "Iranian Mission in Ottawa," December 10, 1957.
15. Library and Archives Canada, Establishment and Organization for the Canadian Embassy, Tehran, Iran, 1957/12/10-1963/04/01, Volume 7623, File 11336-105-40, The Under-Secretary of State for External Affairs to The Canadian Embassy Buenos Aires, "Relations Between Iran and Canada," December 26, 1957.
16. *Ibid.*
17. *Ibid.*
18. While Canada had established an Embassy in Israel in 1954, it was headed by a non-resident ambassador accredited to Greece. In a similar vein, since 1954, Canada's Ambassador to Egypt was also accredited as a non-resident Minister to Lebanon. In July 1958, Diefenbaker established resident Canadian Ambassadors in Tel Aviv and Beirut.
19. Government of Canada, House of Commons Debates Official Report (July 25, 1958): 2706.
20. Library and Archives Canada, Establishment and Organization for the Canadian



- Embassy, Tehran, Iran, 1957/12/10-1963/04/01, Volume 7623, File 11336-105-40, The Middle East Division to The Under-Secretary of State for External Affairs, "Canadian Representation in Iran," August 13, 1958.
21. Library and Archives Canada, Establishment and Organization for the Canadian Embassy, Tehran, Iran, 1957/12/10-1963/04/01, Volume 7623, File 11336-105-40, Memorandum for the Minister, "Change in Status of Iranian-Canadian Missions," November 23, 1960.
  22. Ibid.
  23. Library and Archives Canada, Establishment and Organization for the Canadian Embassy, Tehran, Iran, 1957/12/10-1963/04/01, Volume 7623, File 11336-105-40, Department of External Affairs Press Release, December 8, 1960.
  24. Mahmoud Esfandiary, then-Iran's Minister to Ottawa, became its first Ambassador to Canada.
  25. Levant, 8.
  26. 'Canada and Iran' (1971) Department of External Affairs Monthly Report 23, no.10 (1971).
  27. "State Visit of Shah of Iran," Department of External Affairs Monthly Report 17 no. 7 (1965): 278-279.
  28. Ibid., 279.
  29. Government of Canada, Office of the Prime Minister (May 21, 1965) "Communiqué: Visit to Canada of Their Imperial Majesties the Shah and Empress of Iran," provided by Library and Archives Canada, August 2007.
  30. Ibid.
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  32. Ibid.
  33. Government of Canada, Department of External Affairs, Information Division (1969), "Visit to the Middle East," Statements and Speeches 69/20.
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  39. Lagha Fanalan (1990) "The Islamic Republic of Iran: A New Horizon for Canada," *International Perspectives* 19(7): 79.



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44. "\$1.3 Billion Business Signed with Iran," *Canadian News Facts* 9, no. 13 (1975): 1415.
45. See, for example, "Quebec Signs Trade Pact with Iran," *Canadian News Facts* 9(19): 1468; "Quebec Cements Contracts with Iran," *Canadian News Facts* 10(15): 1625 and David Lancashire, "Davis Ends Israel Visit, Flies to Iran," *Globe and Mail*, September 25, 1978, found at Lexis-Nexis (accessed May 17, 2007).
46. Government of Canada, Ministry of Industry, Trade and Commerce (1978) "Markets for Canadian Exports-Iran," 12-13.
47. Ibid.
48. See Jack Willoughby, "Acres Consultant on Big Iranian Hydro Project," *Globe and Mail*, June 6, 1978, found at Lexis-Nexis (accessed June 11, 2007) and David Lancashire, "Canadians in Iran," *Globe and Mail*, October 23, 1978, found at Lexis-Nexis (accessed May 17, 2007).
49. Levant, 9.
50. Jean Pelletier and Claude Adams (1981) *The Canadian Caper* (New York: William Morrow and Company, Inc., 1981), 64.
51. Ibid., 62.
52. Ibid., 64.
53. Interview with Ambassador James George, November 2004.
54. Ibid.
55. Interview with Ambassador Kenneth Taylor, November 2004.
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## Chapter Four

### Canada and the Islamic Republic

Given the extent of commercial links, and perhaps more importantly, the Canadian expectation for even greater economic cooperation with Iran, it is not surprising that in 1978, Ottawa viewed the unfolding revolution with significant trepidation. Well into December of that year, External Affairs Minister Don Jamieson was still expressing support for the Shah. “I have no hesitation in saying,” Jamieson affirmed, “that obviously the West’s interests are very much tied in with stability, and that means in preserving the Shah’s regime.”<sup>1</sup> Despite the rapidly eroding situation, the Canadian government waited until late December to advise its 1,200 citizens to leave Iran. Its response was in line with most other countries based in Iran at the time. After consulting with other Western embassies in Tehran and determining they shared similar security concerns for their citizens, Taylor recommended the departure. Even then, the withdrawal appeal was couched in non-political terms. The Canadian Embassy statement began, “In the light of the prevailing economic situation in Iran involving shortages of key commodities and materials as well as the continuing closure of education facilities” and concluded with a call to exit “at the earliest opportunity.”<sup>2</sup> The embassy went into overdrive to assist its citizens who were scattered all over Iran. Military planes were readied to move out Canadians who could not find commercial flights to leave the country. Armed Forces Hercules eventually evacuated 400 people in January and a second smaller contingent of Canadian nationals in early February.

By this time the Iranian Ambassador in Ottawa, Abol Bakhtiar – a relative

of the Shah's caretaker Premier Shapour Bakhtiar – had left his post. In his absence, Chargé Ahmad Moussavi closed down the embassy and expressed support for Ayatollah Khomeini. Moussavi declared, "The institution of the monarchy no longer serves the interests of the Iranian people."<sup>3</sup> The Trudeau government remained relatively silent on this development as well as the fast-moving events in Iran. It was only following Ayatollah Khomeini's return to Iran and the establishment of a provisional government under Mehdi Bazargan that Canada offered a public glimpse of its policy. On February 13, Jamieson was queried in the House of Commons about the Bazargan government and Canada's intentions regarding recognition. His questioner noted that both the UK and US had already expressed their readiness to work with the new regime. Jamieson refused to be drawn into a timeframe, but did state, "I have every expectation that we will be extending recognition to the government of Iran in the normal and routine way in which it is accorded to established regimes."<sup>4</sup> Ottawa announced recognition of the Bazargan government two days later on February 15.

As the new revolutionary regime altered previous political relationships forged under the Shah, Canada agreed to look after Israeli interests in Iran following the expulsion of the Israeli diplomatic staff. Trudeau also declared that Canada would accept Iranian Jews as refugees "without reference to the usual criteria."<sup>5</sup> Both of these policies were communicated during a federal election campaign in which the Prime Minister faced an intense challenge from Joe Clark and his Progressive Conservatives. Clark also announced during the campaign his intention of moving the Canadian Embassy from Tel Aviv to Jerusalem if elected. None of these pronouncements endeared Canada to the new governing authorities in Iran.

In Tehran, the Canadian embassy staff struggled to maintain commercial commitments. In a country still experiencing profound political and economic uncertainty and with very few Canadian nationals remaining, this task proved challenging. The trade relationship "disappeared" as a result of the revolution, noted Taylor.<sup>6</sup> Much of the embassy's time was spent looking after the "tail end of Canadian economic interests" and assisting Canadians trying to collect outstanding debts.<sup>7</sup> Exports to Iran dropped dramatically in 1979 – falling from \$152 million in 1978 to just \$22 million.<sup>8</sup> Iranian petroleum imports also were halved during this same period.

## **“The Canadian Caper”**

When demonstrating students overran the US Embassy on November 4, 1979 and took American diplomats as hostages, Ambassador Taylor and his dozen colleagues stood at the forefront of Canadian efforts to assist its neighbor to the south. Despite the eroding security situation in Tehran, the new Clark government decided to leave its embassy staff in place in order to work for the Americans' release. Taylor would join efforts of a dozen other like-minded diplomats (representing Australia, New Zealand and European countries) to make numerous demarches to Iranian officials seeking a resolution of the hostage standoff.<sup>9</sup> In Ottawa, Clark expressed his “deep objection” to the takeover and started mobilizing international backing for the US.<sup>10</sup> Yet in the initial phases, Canada did not follow the US lead to freeze Iranian deposits in its banks or boycott imports of Iranian oil.

Given its geographical proximity to the US and the economic interdependence shared by the two states, Canada frequently found itself drawn into the crisis in other ways. On November 8, an Iranair 747 bound for New York was diverted to Montreal when it was unable to land at an American airport. US transport workers had refused to unload or service the Iranian aircraft.<sup>11</sup> A month later, Tehran's decision to officially cut off petroleum exports to the United States also impacted Canada. Gulf Canada received its oil supply from its parent company, the US-based Gulf Oil Corporation which was now subject to the embargo.<sup>12</sup> At this juncture, Canada obtained between two to five percent of its petroleum needs from Iran.

Clark came under increasing criticism by opposition forces over his responses to the crisis. Liberal leaders called for increased Canadian support for the US. The Prime Minister answered his critics in the Commons, “What we are interested in here is not simply showing the extent of our support for the United States for North American reasons, what we are interested in here is trying to mobilize international opinion in a way that will have effect upon authorities in Iran.”<sup>13</sup> To that end, External Affairs Minister Flora MacDonald made a rare appearance before an emergency session of the UN Security Council in late December to outline the Canadian position and urge the body to take action. MacDonald acknowledged grievances the Iranian people had regarding the Shah, but condemned the embassy takeover as the means utilized to express these grievances.<sup>14</sup> Although not a member of the Council, Ottawa supported the adopted resolution threatening economic sanctions

against Iran if the Americans were not freed before January 7, 1980. Canada also backed the proposed follow-up resolution, which became necessary after the January 7 deadline had passed with no movement on the hostages' release. This resolution outlined a broad range of penalties. However, a Soviet veto effectively ended any UN-endorsed economic measures against Tehran. With the Security Council powerless to act because of Moscow's moves, Washington pressed its allies to impose sanctions outside of the UN framework.

While all of these actions were taking place on the public stage, a much more dramatic episode directly involving Canada was progressing clandestinely. Ever since the seizure of the US diplomatic compound in November, the Canadian embassy was secretly sheltering six American colleagues. At great personal risk, Taylor and his staff had given refuge to the Americans who had managed to escape capture in the initial confusion of the storming of the US Embassy. For nearly three months they were under Canadian protection as Ottawa considered ways to assist their safe departure from Iran without endangering its own diplomats. By late January 1980, some US and Canadian news outlets had sufficient elements of the story to force Ottawa's hand before the information became public. After Canadian diplomats tested various Tehran Airport departure procedures, the six Americans were issued new identities and managed to slip out of Iran undetected using Canadian passports. A day later (and before news of the escape was published) Taylor and the three remaining Canadian diplomats left Iran. Before departing they closed the Canadian Embassy as a temporary measure and as a cover for the entire operation. New Zealand agreed to look after Canadian interests in the short-term. Taylor thought he would wait it out in Kuwait for a few weeks and then return to Iran. However, the public exposure of Canada's role in the Americans' escape quickly "disabused" him of that idea.<sup>15</sup>

The operation, quickly dubbed "the Canadian Caper,"<sup>16</sup> was greeted with loud applause in the US, which finally had something to celebrate related to the hostage crisis. Taylor was feted as a hero and Carter called Clark to personally thank Canada for its help. Understandably, "the Caper" was viewed differently in Iran. An enraged Foreign Minister Sadegh Ghotbzadeh characterized the turn of events as a "flagrant violation" of international law.<sup>17</sup> He also threatened that "sooner or later, somewhere in the world, Canada will pay."<sup>18</sup> Although Ghotbzadeh stated that Iran would not break diplomatic relations with Canada over the incident, he did maintain that Clark engineered the escape to boost his chances in the February 18 federal election. Ghotbzadeh also suggested

in at least one interview that Clark had issued a formal apology to Iran, a charge vehemently denied by the Prime Minister.<sup>19</sup> An official Iranian protest, carried to External Affairs by Chargé Mohammed Adeli (and also sent to the UN Secretary-General, as well as the International Court of Justice), termed Canada's action "a grave abuse of diplomatic privileges" and said that Clark was guilty of "duplicity" for "domestic political gains."<sup>20</sup>

Following Clark's electoral loss and Trudeau's return to power, Ghotbzadeh held out the possibilities that the two sides could resume normal relations. "We have no hard feelings toward Canada at all," he stated, "and now that the government has been punished by the Canadian people there is no need to revive the subject."<sup>21</sup> By this time, however, the stated Canadian position had hardened. Ottawa would only reopen its embassy after the resolution of the hostage crisis. Additionally, returning diplomatic staff to Tehran was not an option when Washington was hoping for a total break in political and economic relations with the country. In late April, External Affairs Minister Mark MacGuigan announced new Canadian sanctions. Besides the previous bans on military sales and extension of export credits, these measures included a call for Canadian companies not to sign contracts with Iran, a moratorium on visas for Iranian students, and the expulsion of one of the two Iranian diplomats remaining in Ottawa.<sup>22</sup> MacGuigan said that further action would be taken if the hostages were not released by May 17, a date which the US and its allies had established to pressure Iran. With the Americans still in captivity as that deadline passed, the Trudeau government imposed the full range of trade, transportation and banking sanctions envisioned by the Security Council resolution previously vetoed by the Soviet Union in January. In levying these economic measures, MacGuigan criticized the failed April US military attempt to rescue the captives as unjustified, suggesting that diplomatic and economic foreign policy tools, rather than military ones, should have been allowed to take their course. He stated his "reservations about American foreign policy, about their lack of consultation, about their lack of leadership" over the hostage issue.<sup>23</sup> In any case, the stepped-up Canadian sanctions remained in place until after the Americans were released in January 1981. With their lifting in March, Canada resumed limited trade with Iran.

Diplomatically, the two countries never officially broke relations as the British and others had done in support of the US in 1980.<sup>24</sup> At the time of the British decision, Canada did not have a functioning embassy or diplomatic presence in Tehran and thus saw no practical benefit in formally severing ties

when this was already the prevailing de facto state of affairs. In the 1980-1981 period, Iran continued to maintain a small embassy staff in Ottawa, while Denmark had now assumed control of Canadian interests from New Zealand.<sup>25</sup> Following the hostages' release, MacGuigan initially indicated that Canada would reopen its embassy later in 1981, but a few days later appeared to backtrack because of security concerns. The Minister said he would consider a number of factors including "Iran's treatment of other diplomats and its relations with the US government, before we send our people back there."<sup>26</sup> A spokesman for the Iranian government, Behzad Nabavi, told a news conference in March, "The Canadian government has asked to resume relations with Iran, but at the same time has asked us to guarantee the security of the staff of its embassy and Canadian citizens... in return, the Iranian government has asked Canada to guarantee that it will not spy anymore."<sup>27</sup> Ottawa was also under the impression that Tehran expected a formal apology regarding its actions over the US diplomats' escape before being allowed to reestablish its embassy. Canada was not prepared to act accordingly.

### **Interlude before a Canadian Ambassador's Return**

More than eight years would pass between Ambassador Taylor's shuttering of the embassy in January 1980 and Canada reestablishing its diplomatic presence in Tehran. In the interim, the Islamic Republic maintained its embassy in Ottawa and its small staff was headed by a chargé d'affaires. In mid-1981, Canada quietly tried to dispatch an External Affairs official to Iran to look over its embassy complex and meet with the Danish diplomats who were handling matters on Ottawa's behalf. Tehran denied the request stating it was not an appropriate time for such a visit.<sup>28</sup> Periodically, Canadian governments would broach the subject of restarting the relationship only to learn that Iran still expected a formal apology first. Iran's position was relayed in both private communications and in public pronouncements, including by Foreign Minister Velayati in a November 1982 news conference.<sup>29</sup> *The Globe and Mail* reported in 1984 that Canada's Ambassador to Pakistan, William Warden, traveled twice to Tehran to discuss the embassy matter after being contacted by Iranian diplomats in Islamabad.<sup>30</sup> Warden's efforts proved fruitless because of disagreements over the apology condition.

These strains on the diplomatic front notwithstanding, the two countries continued their commercial activity. Trade with the IRI was initially small but



rebounded slowly during the decade of diplomatic estrangement. In 1981, Canadian exports to Iran remained at a flat-lined \$22 million while Iranian exports to Canada had fallen to a mere \$2.7 million. This was down from almost \$600 million in 1978.<sup>31</sup> But by 1982, Ottawa was shipping \$182 million in products and foodstuffs followed by \$206 million in 1983 before leveling off. Similarly, imports from Iran jumped to \$117 million in 1982 and a remarkable \$526 million in 1983 before declining.<sup>32</sup> By this time, Iran had reemerged as Canada's second largest trading partner in the Middle East behind Saudi Arabia. With the IRI, Canada found a new market for its wheat which was previously dominated by US suppliers. Other main goods shipped included meat, powdered milk, barley and coal as well as industrial and transportation equipment. The thriving economic interchange only served to highlight the void of an official Canadian presence in Iran. In 1985, the Senate Standing Committee on Foreign Affairs issued the first comprehensive parliamentary examination of Canada's relations with the Middle East ever conducted. The report noted:

Businessmen who continue to go to Iran are at a disadvantage without the support of Canadian trade officials in Tehran. In the interests of removing the handicap to Canadian businessmen of having no official Canadian presence in Tehran and with a view to enhancing bilateral trade and commercial relations, the Canadian government should continue to seek the normalization of its relations with Iran.<sup>33</sup>

This recommendation still hinged upon a Canadian apology to Iran.

Finally, in early 1988, Canada learned, again through the Pakistan government, that Iran was interested in re-launching diplomatic links presumably without preconditions.<sup>34</sup> By May, the Iranian mission in Ottawa confirmed these inquiries and indicated that an apology was no longer a prerequisite. The two sides began talks. A month later, Joe Clark, who had returned to government as External Affairs Minister, publicly confirmed discussions were underway to possibly resume ties. "For some time, the difficulty...has been the Iranian demand that Canada apologize...," Clark stated. "We have consistently declined to apologize. The Iranians have now dropped their demand for an apology. Therefore, it is possible for us to discuss the resumption of normal diplomatic relations between Canada and Iran."<sup>35</sup> Elsewhere, Clark, the former Prime Minister during the "Canadian Caper," declared in reference to those events, "That was not an action that we felt the least bit apologetic."<sup>36</sup> Iran's change of heart about an apology also reflected a

shift in its overall approach to the West, seen in the resumption of diplomatic ties with France and discussions underway to address outstanding issues with the UK.

On the Canadian side, Joseph Stanford, the third ranking official at External Affairs, was in charge of the Iran file. While he engaged in discussions with the Iranian embassy in Ottawa, Stanford dispatched three department officials, including Scott Mullin, to Iran to start the physical process of re-opening buildings after a nearly nine-year absence. In Tehran, Mullin found the complex packed with enough furniture to furnish a small hotel.<sup>37</sup> The previous staff had warehoused items from several different Canadian apartments before closing the embassy. This was just one of many practicalities the Canadian advance team faced in getting the embassy up and running for the eventual return of an ambassador. In Ottawa, Clark announced the resumption of ties on the very same July day that Iran accepted UN Security Council Resolution 598 and a ceasefire in its eight-year long war with Iraq. The deal was signed in Iran on July 18 by Assistant Deputy External Affairs Minister Marc Brault. His Iranian counterpart, Mohammad Javad Larijani outlined an agenda of potential cooperation in the economic, industrial, scientific and political areas. Larijani held, "Inking of the agreement would prepare the ground for expansion of such ties."<sup>38</sup> Clark said that Canada's goal was to have its embassy ready by October. Mullin was officially appointed as Chargé and all involved expected his posting to be brief.<sup>39</sup>

### *Canadian Peacekeepers on the Iran-Iraq Border*

The timing of the Canadian-Iranian diplomatic rapprochement coincided with Iran's decision to begrudgingly accept UN Resolution 598. Since Canada had no military connections with the region, played no major role in the mediation efforts to stop the war,<sup>40</sup> enjoyed a strong global reputation with UN peacekeeping operations and now had diplomatic ties with both former belligerents, it was a natural choice for a leadership position in the newly-created United Nations Iran-Iraq Observer Group (UNIIMOG). Military personnel participating in UNIIMOG became the first Canadians ever to be stationed in the Gulf region. When the UN call came, "Canada's response was prompt and substantial. There appears to have been no conflict over that decision within the government and the move was endorsed by all parties in Parliament and most editorial opinion."<sup>41</sup> UNIIMOG was

designed to separate the warring parties, confirm the withdrawal of forces to the internationally recognized boundaries and monitor the 1,400-kilometer ceasefire line.

At the beginning of the operation in August, Ottawa contributed a 500-man force which included a vital 370-man signals unit. It was described by one military planner as a contingent of “small trucks with giant antennas.”<sup>42</sup> This unit ensured critical communication lines until a civilian-operated system was established at the end of 1988. Canadian radiomen relayed messages from the Iran-Iraq border to UN posts in Tehran and Baghdad. Following the withdrawal of the signals unit, Canadian military observers served with UNIIMOG until the completion of its mandate in 1991. As Sean Maloney comments, “Contributing the initial signals capability and thus the backbone of UNIIMOG was a significant move and is therefore indicative of increased Canadian interest in the Persian Gulf region.”<sup>43</sup> Mullin told *The Globe and Mail* that Canadian peacekeepers helped pave the way for improved relations between Canada and Iran. “There were lots of guys with maple leaves on their shoulders,” he stated, “It was a great way to return to the embassy.”<sup>44</sup>

The end of the war also presented a commercial opening for Canada. “The potential is enormous,” an External Affairs official told the *Financial Post* in July 1988, “The industrial infrastructure has been destroyed or allowed to run down. There is a pressing need to rebuild.”<sup>45</sup> Canada hoped to be on the ground floor of Iranian reconstruction efforts. Helping to foster commercial projects was a major mandate for Mullin and his staff. The Iranians were keen on acquiring access to oil and gas technology in order to make their petroleum industry operational again. “If they could not get to Houston,” Mullin recalls, “then Calgary was second best.”<sup>46</sup> The *Chargé’s* biggest challenge was channeling Iranian enthusiasm into what was possible. One early area of interest for Iran was acquiring three-times a week landing rights for Iran Air in Montreal and establishing the first direct flights between the two countries. This proposal deeply concerned Washington. In the end, Air Canada officials concluded that direct flights would not be a profitable venture to pursue.<sup>47</sup> On the wheat front, Canadian sales increased. Deputy Foreign Minister Larijani noted that the IRI “foresees Canada as a long-term wheat supplier.”<sup>48</sup> In 1988, Canadian grains sales accounted for nearly one-third of Iran’s total cereal imports. The high volume of grain exports also represented a fundamental shift in the types of its sales to Iran. Prior to the Revolution, the majority of Canadian exports

were end products. However, by the late 1980s, grains had supplanted end products as the major commodity being sold, constituting almost 90 percent of total Canadian exports to Iran.<sup>49</sup>

### *Rushdie Affair*

When Mullin was dispatched to Tehran in October 1988, Ottawa's intention was to replace him with an ambassador by the following summer. However these plans were sidetracked as the international controversy involving British-Indian author Salman Rushdie erupted in February 1989. Rushdie's novel, *The Satanic Verses*, had stirred up emotions in many parts of the Muslim world, as it reimagined Islamic themes and personalities, including the Prophet Muhammad. On February 15, Ayatollah Khomeini issued a fatwa calling for the death of Rushdie over his blasphemous novel.

Two days after Khomeini's fatwa, Revenue Canada temporarily blocked new imports of Rushdie's book pending a review. It had received complaints likening the work to hate propaganda. After a quick review, Revenue Canada determined that the work did not meet the test for hate propaganda under Canadian law and lifted the import ban. However, National Revenue Minister Otto Jelinek was placed under 24-hour protection after death threats linked to the custom agency's decision surfaced. As this drama was unfolding in Canada, External Affairs Minister Clark declared it "regrettable" that "this kind of threat would be uttered by Iranian authorities and I hope it would be reconsidered."<sup>50</sup> At the same time, the Department indicated that Ottawa would not be following the lead of the 12 members of the European Community who had withdrawn their senior diplomats from Tehran. However, after much criticism from the opposition benches and from editorials in newspapers like the *Toronto Sun* ("Ayatollah speaks, Ottawa quivers") Clark reversed course and recalled Mullin from Tehran "for consultations." The Minister told a news conference, this action was meant to "send a strong signal" of "Canada's absolute disapproval" regarding the fatwa.<sup>51</sup> At the same time, Iran's Chargé d'Affaires Mohammed Ali Mousavi was pointedly informed that Canada "condemns this incitation to violence" made by Khomeini.<sup>52</sup> Clark continued to receive criticism from Liberal leaders over his "weak-kneed" response.<sup>53</sup> They noted that even with Mullin's departure, Canada still had a low-level diplomat in Tehran while some countries, such as the UK, had closed their embassies. Clark retorted, "We are not in a race with other countries to condemn the Ayatollah first."<sup>54</sup> Additionally the External Affairs Minister

called in the representatives of the Organization of the Islamic Conference (OIC) states posted to Ottawa. In meeting with the two dozen diplomats, including Iran's Mousavi, Clark urged them to find ways to defuse the crisis. They told Clark that the book was an affront to Muslims everywhere and urged him to ban it. Clark refused. On March 8, Clark announced that Canada would resume direct dialogue with Iran. In doing so, he expressed the importance of not undermining moderate forces within the IRI. Mullin returned to Iran on April 20. However, one notable casualty of the Rushdie affair<sup>55</sup> was a previously planned March visit to Canada by Iranian Deputy Foreign Minister Larijani. He would have been the first senior Iranian official to visit Canada since the Revolution.

By summer of 1989, the commercial relationship, at least, between the two states seemed to be back on track. In July, Canadian Trade Minister Peter Elzinga confirmed that the National Iranian Oil Company (NIOC) was to open its first procurement office in Calgary.<sup>56</sup> This deal followed an exchange of visits which included Albertan provincial officials traveling to Iran. The NIOC office, Kala Naft Co., was one of many new business ventures established in 1989. Canadian exports to Iran doubled to \$300 million, prompting the *Globe and Mail* to declare, "Kenneth Taylor's Iranian escapade has been forgotten amid the ringing of cash registers in Tehran and Ottawa."<sup>57</sup> There was certainly a grain of truth in this observation as both states moved closer to normalizing their diplomatic relations as well. In August 1990, Mohammad Hossein Lavasani became the first ambassador from the Islamic Republic ever to be posted to Ottawa. A month later, Clark met with Velayati at the United Nations and announced that Canada expected to reciprocate Iran's action in the near future.<sup>58</sup> Indeed, at that time, Paul Dingleline's nomination as ambassador was just awaiting Tehran's official approval. Dingleline, who had previously served as Director for Trade and Economic Relations for the Middle East, became Canada's top diplomat in Iran in November. This exchange of ambassadors took place against the backdrop of a new Gulf crisis. Iraq had invaded Kuwait in August 1990. By late November, the UN had authorized the "use of all necessary means" – opening the door for possible military action if Iraq did not withdraw from Kuwait by January 1991.

## **Canada and Gulf War II**

Clark soundly denounced Iraq's attack on Kuwait as "totally unacceptable aggression." Within days of the invasion, Ottawa froze Kuwaiti assets held in Canadian financial institutions and severed all trade and financial transactions with Baghdad.<sup>59</sup> Outside of its individual concerns over the serious violation of international norms, Canada's response to the crisis was heavily influenced by its relationship with the United States. Prime Minister Brian Mulroney and President George H.W. Bush were long-time friends. The two men spoke frequently by phone and the Prime Minister flew to Washington on August 6 to confer in person with his American counterpart. As John Kirton notes, because Mulroney was one of Bush's "closest confidants throughout the war, Canadian advice was given to the President, and carefully weighed by him, before rather than after the critical US decisions were taken."<sup>60</sup> Additionally, Canada's NATO ties and its temporary membership of the UN Security Council at the time buttressed the country's importance to the US as the Bush Administration garnered support in multilateral forums in response to the Iraqi offensive.

At the UN, Canada co-sponsored resolutions condemning the invasion, as well as imposing comprehensive economic sanctions on Iraq. On August 10, Clark attended an emergency NATO foreign ministers meeting where a decision was made to intervene in the crisis through a show of strength. Immediately Mulroney announced that Canada would send two destroyers and a supply ship with almost 1,000 crew members, to the Gulf to join the multinational force gathering in the region. When these vessels arrived in September, they were assigned to patrol an area around the Strait of Hormuz. Following the mid-September violation of the Canadian embassy in Kuwait City by Iraqi troops, Mulroney committed an additional 18-plane squadron of CF-18 fighter aircraft to the international force. He also increased, by 450, the military personnel attached to the contingent already in the area and placed the three Canadian ships on combat status. This was a significant move for Canada, as Kirton explains:

While many other middle and minor powers had and would commit naval vessels (sic) to the Gulf, the dispatch of fighter aircraft placed Canada among the far more select ranks of the five extra-regional major powers (the United States, United Kingdom, France, and Italy) who contributed in what was to prove to be the militarily decisive way.<sup>61</sup>

During the build-up to war, Canadian ships intercepted 1,875 vessels

in the Gulf (and boarded 19 of them), which was almost 25 percent of all interceptions conducted by the multinational flotilla.<sup>62</sup> In addition to the early military commitments outlined above, Canada also sent a communications and security unit, a KC-135 aerial refueller tanker, six more CF-18s and a mobile field hospital (staffed by over 500 medical and support personnel) by mid-January 1991.<sup>63</sup> When war did come on January 16, Canadian planes provided air cover for coalition ships on patrol and were involved in ‘sweep and escort’ missions for US bombers over Kuwait and Iraq, as well as in refueling operations for allied planes. Additionally, AWACS aircraft associated with the US-Canadian North American Aerospace Defense Command (NORAD) were stationed in Saudi Arabia.<sup>64</sup> Some of these aircraft had Canadian crew. When the ground war commenced on February 24, Canada shifted its more defensive position of airborne escorts to military strikes against Iraqi ground targets in Kuwait and Iraq itself. The CF-18s were assigned a role that entailed “such ground targets as tanks, armored fighting vehicles, artillery storage depots, and supply lines.”<sup>65</sup> All told, Canadian aircraft flew more than 2,700 sorties during the war, including 56 offensive bombing attacks against Iraqi targets in the last week of the conflict.<sup>66</sup> For the first time since the Korean War (the only other UN collective security operation),<sup>67</sup> Canadian military personnel engaged in actual combat operations. Unlike Korea, however, Ottawa did not commit ground forces to the liberation of Kuwait. Nevertheless, the 3,700 Canadian forces who participated in the eight-month operation in the Gulf played an important role in the coalition’s efforts and demonstrated a new Canadian commitment to the region.

Ottawa’s involvement in the Gulf War also brought increased political contact with Iran and resulted in the highest level official Canadian visit ever to the Islamic Republic. In mid-March 1991, Clark embarked on a regional tour which took him to Kuwait, Saudi Arabia, Israel, Jordan and Syria. He was in the area to meet with Canadian troops but also to lend his country’s support for the post-war Gulf order as well as movement on the Arab-Israeli peace front. A last minute decision gave the Canadian Embassy in Tehran 48 hours to prepare for the External Affairs Minister’s impromptu visit to the IRI. The fact that Clark, who as Prime Minister had authorized the “Canadian Capet,” would be the first senior official to come to Iran and that he would be well-received by his hosts, demonstrated just how much had changed. Clark met with President Rafsanjani, Velayati<sup>68</sup> and other ministers throughout his two-day stay. His lengthy meeting with Rafsanjani covered a broad range of topics relative to the bilateral relationship as well as regional issues such



as the Israeli-Palestinian conflict and the just concluded war with Iraq. The External Affairs Minister praised Iran's neutrality in the recent hostilities and told his counterpart that, "Canada is extremely interested in maintaining close cooperation with Iran on establishing peace and security in the Persian Gulf and on other international issues."<sup>69</sup> Ambassador Dingleline asserts that Clark "learned a lot about Iran and its policies" during the stopover.<sup>70</sup>

Clark was quickly followed in April by one of his colleagues, Monique Landry, who toured Kurdish refugee camps in north-western Iran. Landry, responsible for Canada's international development assistance programs, saw firsthand the humanitarian crises unfolding as nearly three million Iraqi Kurds fled into Turkey and Iran as a result of the failed uprising against Saddam Hussein's government. While Ankara was trying to stop Iraqi Kurds from crossing into Turkey, Tehran had opened its borders. Ottawa's concern that much of the Western attention was focused on the Turkish border areas and not Iran, which was bearing a large share of the humanitarian burden, prompted Canada to shift its aid to the IRI. Landry announced that her government would provide an additional \$8.5 million in assistance to the Kurdish refugees with \$6 million of that sum being directed to relief efforts in Iran.<sup>71</sup>

By April 1991, Canada altered its regional focus to one of assisting in the building of a stable post-war Gulf system. In addition to aiding the Kurdish refugees, Ottawa's efforts could be seen in a number of other ways: 1) through Canadian contributions to a peacekeeping mission along the Iraq-Kuwait border; 2) its participation in UN efforts to dismantle Iraq's weapons of mass destruction (WMD) programs and 3) Ottawa's continuing military presence in the Gulf to enforce sanctions imposed on Iraq. Ottawa's role in the first two operations is best understood in the context of the prevailing Canadian support for multilateral UN missions. Still the Canadian military presence which remained in the Gulf well beyond Iraq's 1991 surrender seems a departure from its peacekeeping style and Ottawa's long-time military thinking. From one perspective the Canadian forces could be viewed as a continuation of the wartime coalition, now reconfigured to pressure Baghdad to comply with the still unmet terms of UN resolutions and to contain possible future Iraqi actions. As such, Canada was upholding much valued international legal principles and norms. But other motivations also played a role. Outside of its NORAD and NATO obligations, and the Korean operation, actual Canadian combat troops were not regularly stationed abroad in the period following World War II. To do so in the Gulf in the 1990s signified a new Canadian relationship with



that region of the world. Its military operated in two ways after the actual war ended. Canada temporarily increased its personnel and equipment to counter the periodic hostile movements emanating from Baghdad. In late 1994, for example, when Iraq moved significant forces toward the Kuwaiti border, and again in early 1998 following Iraq's threatened expulsion of UN inspectors, Canadians were part of the response. During the latter crisis, Ottawa contributed additional Hercules refueling aircraft and a frigate which escorted tankers to Kuwait and ultimately were positioned adjacent to Iraq's oil terminals in the Gulf.<sup>72</sup> Once these episodes passed, Canadian troop strength dropped.

A second way Canada's military operated after 1991 was through a continual air presence related to the 'no fly zones' imposed over northern and southern Iraq. NORAD's deployment of AWACS aircraft to the Gulf meant that Canadian forces attached to these AWACS served in monitoring the "no fly zones." These zones were designed to protect the Iraqi population in those areas, but the strategy was also designed to degrade Iraq's air might that could be used against its Gulf neighbors. While publicly, the US, UK, France and Turkey were the only countries typically identified as providing military support, Canadian personnel were assigned to the command at any given time during the dozen years the zones were in place.<sup>73</sup> Even more significant than participation in these NORAD operations, however, was the ongoing Canadian role in the 14-country Multilateral Interdiction Force (MIF). Canada was a major player in the multinational naval flotilla in 1990-1991. After the conflict, it maintained these activities through the MIF, whose purpose was the "monitoring of shipping and boarding vessels of interest to ensure that contraband was not being delivered to Iraq."<sup>74</sup> Most of Canada's MIF participation took place in the Gulf. MIF patrols were important in ensuring the safety of Gulf shipping as well as making certain that the strategic Strait of Hormuz remained open.

Because Canada's new military presence in the Gulf was coupled with upgraded political and humanitarian contacts with Tehran, commercial activity between the two states remained on firm footing during this period. The volume of trade had more than doubled since the embassy reopened in 1988. Canada sold \$360 million in products in 1990. Expectations were high that the reinvigorated relationship would produce even stronger results. Canadian officials and businesses viewed Iran, in the words of Trade Minister Michael Wilson, "as an important emerging market for us."<sup>75</sup> In September 1991, Wilson led a large trade delegation to the Islamic Republic. Separate economic

missions at the provincial level had already brought Ontario's Trade Minister and Alberta's Minister of Petroleum to Iran a few months earlier. Yet despite this high profile attention, Canadian exports to Iran in 1991 and 1992 would remain at roughly the same levels as 1990. A key factor in explaining these stagnant export figures was financing. As a Canadian diplomat explains:

We had hot prospects for major sales in engineering, railway equipment, automotive goods etc. But they were all held up by the lack of government-to-government financing. Our export credit agency was ready to put up as much as a billion dollars, but required a "sovereign guarantee" for loans of that size. In other words, a guarantee by an Iranian bank would not be sufficient. We haggled over this issue for years and never resolved it. That is why our exports stagnated. Had this umbrella loan been set up, our exports would most likely have soared.<sup>76</sup>

The one change apparent in the trade relationship at this juncture was an increase of Iranian sales in the other direction. Canada's imports from the IRI grew from \$21 million in 1990 to nearly \$143 million by 1992.<sup>77</sup>

### **The Attack on Iran's Embassy in Ottawa**

On April 5, 1992, relations were put to the test as dozens of Mujahedeen al-Khalq sympathizers stormed the Iranian Embassy in Ottawa.<sup>78</sup> The attack was part of a well-orchestrated assault on Iranian diplomatic missions across North America and Europe and came shortly after the IRI launched military air raids on Mujahedeen guerilla bases in Iraq. Before entering the building in Ottawa, the attackers smashed the Iranian emblem hanging above the main doorway. Then using baseball bats and sledge hammers, the mob proceeded to destroy much of the embassy's interior and assail members of the staff. Among the injured was Ambassador Lavasani, who suffered facial cuts and broken bones. The violent encounter was relatively short and nearly three dozen attackers were arrested as they fled the building carrying boxes of embassy files and other materials.<sup>79</sup> External Affairs Minister McDougall was out of the country on an official visit when the assault occurred. Her spokesman, Scott Mullin, the former chargé to Iran, told the *Globe and Mail*, "She is outraged by this attack on a diplomatic mission in Canada and deeply concerned by what occurred. She is determined to ensure that security is adequate at other [diplomatic] missions in Ottawa."<sup>80</sup> The RCMP increased security around

the Iranian building. Meanwhile, in Tehran, the Canadian Embassy staff nervously awaited a possible violent response for what had happened back home. Diplomats remembered that protesters trashed the Dutch mission in Tehran following a similar incident in The Hague a few years back. An official Canadian apology, which underscored the Mulroney government's regrets over the attack in Ottawa, was delivered to the Foreign Ministry the next day.<sup>81</sup> In the end, the embassy was spared any reprisals.

The incident in Ottawa briefly impacted the political relationship between the two states, but had little long-term effect on the business side. Two-way transactions in 1992 surpassed the half-billion dollar mark, with Canada still posting a large trade surplus with Iran. This imbalance evened somewhat in 1993 as Tehran's exports to Canada grew. However, by the next year, Canadian sales alone came in at \$450 million which translated into a \$333 million trade surplus with the IRI.<sup>82</sup>

### **Canada and US Economic Sanctions**

The US economic sanctions push against Iran became a major issue once again in 1995. Predictably Canada found itself caught between its largest trading partner and the lucrative markets of Iran. Through an executive order in April 1995, President Bill Clinton barred the re-export of American goods to Iran. This was an attempt to stave off harsher measures being contemplated by the Republican-controlled Congress. One such proposal advocated by Senator Alfonse D'Amato (R-NY) would have prohibited foreign companies doing business with Iran from operating in the US. As D'Amato explained, "Simply put, a foreign corporation or person will have to choose between trade with the United States or trade with Iran."<sup>83</sup> For Ottawa, the extraterritorial reach of the proposed law potentially placed hundreds of Canadian firms operating in the US as well as the \$300 billion in annual two-way trade with the US in jeopardy. An early DFAIT reaction summed policy, "We will not act as a conduit of American goods. But, if they are Canadian goods, it is business as usual."<sup>84</sup> The *Toronto Star* expressed Canadian confusion and annoyance over American actions when it editorialized:

US President Bill Clinton may worry justly about Iran funding terrorism, opposing the Mideast peace process and planning to build an atomic bomb. Countries like Canada are concerned, too. But Clinton has yet to provide evidence of Iranian wrongdoing. What's the emergency? Why the sudden US ban

on trade and investment? Where's the crisis that might justify an embargo?... Clinton may be trying to boost his popularity with American voters, who are terrorism-obsessed after bombings in New York and Oklahoma and who love to hate Iran.<sup>85</sup>

When Clinton signed the Iran-Libya Sanctions Act (ILSA) into law in August 1996, its scope had narrowed to investment in the petroleum sectors of those two countries. The Act allowed the US Administration to impose sanctions against foreign firms that invested more than US\$40 million in one year in either country. Since the investment bar was high, the ILSA would have no immediate impact on Canadian companies operating at that time in Iran, but the principle underlying the law irked Canadian businesses and government alike. "The United States has every right to establish its own policies. It does not have the right to set policies for other countries," Foreign Minister Lloyd Axworthy told reporters.<sup>86</sup> He continued:

Let's not equate the D'Amato bill with a moral stance...We have as strong an objection to any terrorist activity as any United States congressman has. The question is: What's the most effective way of dealing with it. We'll work with the Americans, the Europeans and anybody else to [fight terrorism]...If it is going to be done, it should be done in concert, in cooperation and in coordination and not unilaterally.<sup>87</sup>

The Canadian Embassy in Tehran issued a statement outlining Ottawa's concerns about the legislation. The statement also highlighted to its Iranian audience that the Canadian government had lodged an official diplomatic note with the Clinton Administration about these measures a few months earlier.<sup>88</sup>

While Canada did not appreciate US attempts to wield economic sanctions – especially if dictated solely by Washington – to temper the more aggressive elements of Iranian foreign policy, Ottawa did begin to harden its own political ties with the IRI at this time. In late 1996, Axworthy announced a policy of "controlled engagement" that would govern further relations with Tehran. This policy placed limits on the level of official contacts between the two states as well as the issues Canada was willing to discuss with those officials. Ottawa anticipated that interaction would be at the assistant deputy minister level or below. Additionally, the political dialogue was restricted to matters such as human rights, Iran's opposition to the Middle East peace process, international terrorism and nuclear weapons. Topics or actions that suggested an enhanced political relationship were now off the table. The

Canadian government rejected Iranian requests to open consulates in other cities,<sup>89</sup> inaugurate direct air links between the two states or set up an Iranian bank within the country. Prohibitions continued on exports of military items and the sale of dual-use technology. The “controlled engagement” approach posed challenges for the Canadian Embassy staff in Tehran as they sought to implement a policy they did not fully support. As Ambassador Michel de Salaberry recalls:

At the embassy in Tehran I think we didn't completely agree with the then quite restrictive position of Canada. It was extremely hard for me, two months after arriving, to go in and tell the government that we would only discuss terrorism and weapons of mass destruction and those kinds of conflictual issues. But that was the position of the government of Canada and it wasn't just a question of accepting and submitting to it; it was a question of staying in the kind of understanding with Headquarters that allowed one to go forward from this difficult position.<sup>90</sup>

In the end, the embassy came to terms with the strategy by emphasizing that any form of engagement with Iran was preferable to the IRI's isolation.<sup>91</sup> The issue of terrorism was thrust front and center once again in April 1997 when a German court handed down the Mykonos verdict. This ruling implicated high-ranking Iranian officials in the 1992 assassinations of Kurdish dissidents in Berlin. For the US, this was proof positive of Iran's state-sponsored terrorism and Washington pressed its allies to take decisive action against the IRI. The official Canadian response could be found in Axworthy's statement that, “It is not acceptable that Iran or any other country attack an opponent on foreign soil.”<sup>92</sup> After the 15-member EU decided to recall their ambassadors from Tehran, de Salaberry was brought home for consultations. He returned to Iran a week later. In making this symbolic move of recalling its ambassador, Canada registered a protest with the Iranian government and acted in solidarity with Europe. However, it was also a rejection of larger US efforts for Ottawa to tighten economic restrictions upon Iran. In pursuing this policy, Ottawa was more in tune with Canberra's thinking about Iran than with the views emanating from Washington or Brussels. While “political relations were cool,” de Salaberry maintains, “there was central interest in trade.”<sup>93</sup>

Even then, on the political level, the election of the reformist Mohammad Khatami as president later in 1997 offered hope that Iran's foreign policy might change and with it would come improvement in the bilateral relationship. Following Khatami's inauguration, Ottawa slowly softened its “controlled

engagement” policy and upgraded contacts to allow communications with deputy ministers.<sup>94</sup> Axworthy identified parliamentary exchanges as a possible vehicle to improve overall ties. He encouraged Bill Graham, the Chairman of the House of Commons Standing Committee on Foreign Affairs, to travel to Iran in 1999. Graham, himself a future foreign minister of Canada, emphasized human rights matters during this visit. In recalling his meetings with Iranian officials, Graham stated, “We see a real change in attitude.”<sup>95</sup> Most interactions, however, occurred through private people-to-people exchanges. Ambassador de Salaberry notes that during his tenure, Canadian handicap activists, filmmakers as well as the eminent philosopher Charles Taylor paid visits to Iran.<sup>96</sup>

With two-way interaction at the most senior levels still not permissible, diplomats found other avenues to advance commercial opportunities through the Iran Canada Business Council (ICBC). The Council, established in 1992, had a mandate to promote and broaden mutual trade relations between the two states. In 1998 and 1999, the ICBC assisted the embassies in Ottawa and Tehran in arranging various prominent programs. For example in February 1998, more than a dozen Iranian officials from the oil, mines and metals, energy and industries ministries toured Canada. It was the largest and most varied group to visit in almost 20 years. They hosted a series of seminars in Montreal, Toronto, Calgary and Vancouver on “Doing Business in Iran.”<sup>97</sup> Among the objectives of these programs were to dispel misperceptions about Iran, underscore the future potential for cooperation rather than dwelling on the past, and offering practical advice on conducting business in the IRI. As the visiting chairman of Iran’s state-controlled Petrochemical Commercial Corp, Seyed Mehdi Hosseini, told the *Globe and Mail*, “We’re looking at Canada as a powerful industrial country which could be a substitute for countries that aren’t willing to cooperate with us, especially the United States. Canada can be a good bridge between America and Iran, geographically and politically.”<sup>98</sup> A year later, representatives from 32 Canadian businesses paid a return call to Iran. The delegation included firms interested in expanding cooperation not only in the oil/gas or energy areas but also transport and telecommunications sectors. Additionally, on the Iranian side, the Iran-Canada Chamber of Commerce “opened doors to the provinces” for de Salaberry and potential Canadian business partners.<sup>99</sup> The Ambassador made numerous visits to different parts of the Islamic Republic to engage in trade promotion. While there he had opportunities to meet with local officials, governors, educators and the like which helped foster better overall Canadian-Iranian cooperation

in other fields. As de Salaberry recalls, “We discovered that trade promotion could give indirect but real expression to a variety of non-trade objectives such as the value of pluralism, the advantages of multilateralism and human rights issues, as we quite freely visited every province with the support of the Chamber of Commerce rather than rely on a controlling MFA.”<sup>100</sup>

By 1999, the gradual opening of the Iranian economy and its political liberalization, along with indicators that the cold chill of the US-Iranian relationship might be warming slightly,<sup>101</sup> emboldened Canadian businesses to ink larger deals with Iran. Perhaps the most significant of these ventures was Bow Valley Energy Ltd’s involvement with the National Iranian Oil Company to develop the Balal offshore oil field in the Gulf. The Calgary-based, Bow Valley, working in partnership with a major French company, signed the US\$300 million deal in March 1999. The minority partner Bow Valley’s investment in Iran would be the largest by a Canadian company since the imposition of the ILSA.<sup>102</sup> However, cereals remained the mainstay of Canadian sales to Iran. In October 2000, Deputy Agriculture Minister Samy Watson ventured to the IRI as part of a high profile 28-member agribusiness delegation seeking cooperation in irrigation and other agricultural areas. “The objective of my visit,” he said, “is to thank Iran for purchases of commodities such as wheat, and to develop the relationship essential to a further enhancement of our long-established commercial cooperation.”<sup>103</sup> While in Iran, Watson signed a technical cooperation agreement for the cultivation and processing of a canola oilseed developed by Canada. Total exports for 2000 topped out at \$665 million, almost equal to the banner year of 1997.<sup>104</sup> The country also posted a \$543 million trade surplus with Iran. For Ottawa, this was a period of possibilities both commercially and politically. The reformist victories in the February 2000 Majlis elections and Khatami’s own reelection in 2001 made the latter particularly realistic. Even more surprisingly, Canadian-Iranian political ties would become even stronger following September 11, 2001.

### **Canada, Iran and Afghanistan**

Twenty-six Canadians were killed in the September 11, 2001 terrorist strikes on New York City and Washington. Additionally, as the US closed its airspace in the midst of the crisis, 225 trans-oceanic flights bound for American cities were diverted to 17 different airports across Canada. Over 30,000 passengers were stranded until the US reopened its borders



and allowed flights to resume days later. In some places, such as Gander, Newfoundland, the number of stranded passengers equaled the local town residents, who along with the government provided hospitality and lodging for the unexpected guests.

The Chrétien government condemned the assaults on the World Trade Center and Pentagon and offered immediate support against the perpetrators of the crimes. Following actions by the UN Security Council and the invocation of the collective security clause of the NATO Charter (of which Canada was a founding member), Chrétien announced that his country would contribute air, land and sea forces as part of international efforts against terrorism. With world focus on Al-Qaeda as the mastermind behind the attacks, the Taliban regime in Afghanistan came under intense pressure to turn over Al-Qaeda leader Osama bin Laden and his operatives to US authorities. While denied on the official level, the Iranian and Canadian press reported a surprising exchange at this time between Tehran and Ottawa. According to these accounts, Foreign Minister Kamal Kharrazi initiated a mid-September telephone conversation with his Canadian counterpart John Manley.<sup>105</sup> Kharrazi reportedly told Manley that Iran would not oppose military strikes against those responsible, nor would it condemn this US retaliation. He asked Manley to pass this message along to Washington.<sup>106</sup> *The National Post* quoted an unnamed Canadian official as asserting that the Iranians “feel the tragedy as well and they support any targeted military action, but it must be targeted... but the Iranians can’t call the Americans and say that, so they are looking for other friends and allies (to do so).”<sup>107</sup>

As part of these military efforts, Canada deployed a naval task force to the region. At its peak in early 2002, six Canadian warships and 1,500 naval personnel were part of this maritime grouping. They had operational responsibility to prevent Al-Qaeda or Taliban forces from escaping by water as well as interdicting military-related material on ships before these materials could reach Afghanistan via Pakistan. The Chrétien government also contributed an elite special operations unit which assisted in calling air strikes during the initial US-UK military confrontation in early October. While Canada did not supply ground troops for the opening campaign in Afghanistan, it responded favorably to a US request for such forces in early November.



## **Foreign Minister Manley Journeys to Iran**

As war was taking place, Manley journeyed to the Middle East in late October 2001. His initial stop was Iran.<sup>108</sup> It was the first such high-profile contact between the two countries since Clark's visit over a decade ago and the first ministerial-level meetings since "controlled engagement" became the guiding principle of the bilateral relationship in 1996. Similar to Clark's March 1991 diplomatic call, the Manley mission came at a time of regional unrest and while Iran was politically isolated from key members of the international coalition operating in the area. Prior to the Foreign Minister's departure, Iranian Ambassador Mohammad Ali Mousavi told the *Toronto Star* that this was "an opportunity for everyone... There is a totally different perception about Canada in countries in the region. Canada has a more positive, more fair picture in the region (than the US) and can take advantage of this."<sup>109</sup> While Manley dismissed reports that he was acting as a courier for the US, he did emphasize that there was a common message to be found in Ottawa's and Washington's views on Afghanistan.<sup>110</sup> The US-led coalition was in the neighboring country as part of the global war against terrorism. It was not being directed against Muslims or Islam, but rather Al-Qaeda and their Taliban protectors. Despite official denials, Canadian diplomats acknowledged that Manley was attempting to explain Washington's case to the Iranian government as well as seek Tehran's support in the campaign to oust the Taliban.<sup>111</sup> Equally critical was gaining the IRI's help in Afghan reconstruction once the mutual Taliban foe was toppled. After conferring with Kharrazi and paying a courtesy call on Khatami, Manley alluded to the ruptured US-Iranian relationship as well as 9-11:

If we don't talk to countries like Iran, how are we ever going to make progress? How are we ever going to get a solution to this? How long are we willing to live with the threat that something like this can happen again? We've got to include them in these discussions, particularly while they're indicating their rejection of the actions of September 11, their willingness...to engage in a dialogue of civilizations, while reformers are being elected to parliament in a democratic manner. We should take positive signs where we can see them and try to work with it.<sup>112</sup>

During his time in Iran, Manley also discussed the situation in Iraq and the Israeli-Palestinian conflict with his counterpart. He stressed that Canada "didn't think that political causes justify terrorist acts in any situation" and urged Tehran to persuade Hamas and similar groups from using violence against Israel.<sup>113</sup> However, in a joint news conference with Manley, Kharrazi pointed

to the continued Israeli occupation and harsh treatment of the Palestinians as the root causes of terrorism. Despite these differences, the Canadian Foreign Minister's visit was well received by the local press which saw it as heralding a new era in bilateral ties. The Iranian News Agency's description of Manley's trip was indicative of these positive sentiments. The IRNA reported approvingly, "He said that Canada was keen on developing relations with Iran. Manley said that the Iranian community in Canada is of great importance to Canada – adding that Canada is interested in promoting political, economic and especially cultural relations with Iran."<sup>114</sup>

Following the Bush Administration's November 2001 call for allied ground forces in Afghanistan, Ottawa announced deployment orders for its troops. Over 850 Canadian military personnel were in Kandahar by February 2002, where they remained until October 2003. At that time, Canada's military commitment moved to Kabul where it worked to establish security in the capital city. By then the force had grown to 1,200. Canada assumed responsibility for the Kandahar Provincial Reconstruction Team in mid-2005, and within months a much larger Canadian force of 2,500 had transferred its base of operations from Kabul back to the volatile Kandahar area to face a re-invigorated Taliban. In February 2008, Canadian Major-General Marc Lessard assumed control of coalition troops in southern Afghanistan. Despite this high-profile Canadian military role in a neighboring state, Ottawa's involvement in Afghanistan was "strangely enough" never raised with its diplomats posted to Tehran.<sup>115</sup> There seemed to be a tacit understanding of why Canada had military forces in Afghanistan. As of May 2008, almost 85 Canadian military forces and a senior diplomat have died in the fighting in Afghanistan.<sup>116</sup> This places Canada third, behind only the US and UK, in the number of casualties. To further put this figure in perspective, Canadian losses are over three times the level of those suffered by Germany or Spain which immediately follow Canada on the casualty list.

In addition to the military component of its Afghan involvement, Canadian personnel have assisted in the clearing of one-third of the estimated 10-15 million landmines scattered across Afghanistan from decades of war as well as helped in the decommissioning of 10,000 heavy weapons also left over from previous conflicts. Reconstruction efforts also place high on Ottawa's agenda. Afghanistan ranks as the single largest recipient of Canadian bilateral assistance with a 10-year pledge (2001-2011) of \$1.3 billion. This also positions Canada among the top five international aid donors for Afghanistan.

## Canada and the “Axis of Evil”

While very sympathetic of US efforts against Al-Qaeda and the Taliban in Afghanistan, Ottawa was far less enthusiastic about American efforts to link Iraq and Iran with the global war on terrorism. This was particularly true in the aftermath of President George W. Bush’s January 2002 State of the Union Address. In the speech, Bush mentioned these two countries along with North Korea. He asserted, “States like these and their terrorist allies constitute an axis of evil.”<sup>117</sup> In reacting to the President’s words, the Canadian Embassy in Washington urged caution and underscored previous Chrétien statements suggesting that without compelling evidence linking other countries to the events of 9/11, his government would not support expanding the terrorism campaign.<sup>118</sup> Manley, now the Deputy Prime Minister and federal point person for counter-terrorism efforts, remarked, “I don’t disagree with them being criticized, but I don’t think we would have used quite the bellicose language they did.”<sup>119</sup>

Remarkably, Ottawa’s relations with Tehran appeared stronger in early 2002 than in earlier stages. For three years running, the IRI was Canada’s largest regional export market. And in May, Calgary-based, Sheer Energy Inc. signed a contract with NIOC to develop the Masjed Soleyman oilfield in Khuzestan province. This was only the second large-scale Canadian investment in Iran’s petroleum sector since the American ILSA went into place. Similar to the 1999 agreement between Iran and Bow Valley, Washington raised strenuous objections over the four-year US\$80 million deal. The timing of the contract was a blow to US efforts to further isolate Iran. But as a DFAIT spokeswoman reminded the *Globe and Mail*, “This commercial venture is fully in line with Canadian government policy towards Iran.”<sup>120</sup> On the political front, Manley’s presence in Iran had warmed relations. His successor as foreign minister, Bill Graham, maintained direct contacts with Kharrazi by phone.<sup>121</sup> Even more significant was the June visit of Kharrazi’s deputy, Ali Ahani. Although Ahani’s time in Canada was kept low-key, it was not lost within the context of the larger bilateral relationship, that the Deputy Foreign Minister’s trip made him the highest ranking IRI official ever to visit. That this milestone event occurred less than six months after the “axis of evil” speech, demonstrated Ottawa’s determination to steer a separate policy path from its southern neighbor.

As the United States and other coalition partners increased the

diplomatic and military pressure on Iraq in late 2002 and early 2003, Canada made it clear that it would not support military action against Baghdad without a new UN resolution authorizing force. This stand was popular among the Canadian public and within the Liberal government of Chrétien. However, despite disavowing support of US war moves, in February 2003, the Prime Minister dispatched the destroyer HMCS *Iroquois* to the Gulf five months ahead of schedule.<sup>122</sup> The *Iroquois* would serve as the MIF's communication command center. Canadian Commodore Roger Girouard was also named commander of the international flotilla assembled there, which would also include three Canadian frigates. Its tasks were to patrol the Arabian and Oman Gulfs, escort ships and board suspect vessels. But in the end, Ottawa did not join the coalition war against Iraq, putting it at odds with Washington as well as Canberra, which had joined its US ally in both Afghanistan and then Iraq.

Chrétien's decision to stay out of the Iraq conflict was praised by Iranian officials. Its ambassador in Ottawa, Mohammad Mousavi noted, "Canada's position, vis-à-vis this war in Iraq, to oppose unilateral occupation of Iraq, as Iran did, created a prestige for Canada in the region that Canada is a fair player."<sup>123</sup> In contrast, the trade front – usually the strongest aspect of the bilateral relationship – had suffered greatly in 2002.<sup>124</sup> Two-way sales dropped to less than \$225 million, making it the worst year for trade in almost two decades. Among the factors contributing to the drop in sales were a smaller Canadian wheat crop coupled with growing self-sufficiency in Iran's agricultural production, higher commodity prices as well as increased shipping and insurance costs for Iranian petroleum as the Middle East crises intensified on both sides of the IRI. Regardless of their trade troubles, high-level official contacts between the two states continued. This was an indication that the political relationship was deepening. In April, Minister of Industries and Mines Eshaq Jahangiri made the first Iranian ministerial visit to Canada in almost a quarter of a century while Deputy Foreign Minister Gaetan Lavertu conferred with Kharrazi in Tehran the next month. Kharrazi termed these talks "friendly."<sup>125</sup> However, this carefully crafted diplomatic rapprochement, which had developed in the post 9/11 period, came to a screeching halt in July 2003. This rupture was a result of the torture and murder in police custody of Iranian-Canadian photojournalist Zahra Kazemi as well as subsequent revelations that Tehran had been hiding a secret nuclear program for nearly two decades.

## **Bilateral Meltdown: The Zahra Kazemi Murder Case**

On June 23, 2003, Zahra Kazemi, a dual citizen, was arrested while taking pictures of student protests in front of the notorious Evin prison in Tehran. She was beaten and tortured over a three-day period so severely that security authorities reluctantly admitted her into a hospital. Family members were only notified of her condition and whereabouts a week later. Since Iran does not recognize subsequent citizenships, the Canadian Embassy was not informed. Indeed, consular officials only became aware of the situation when the Kazemi family contacted them requesting assistance on July 7. Over the next three days, embassy staff visited the hospital seeking information about her condition and the circumstances which led to her injuries. In Ottawa, Ambassador Mousavi was summoned to a meeting at DFAIT, where he was presented with a formal Canadian request for an investigation. Foreign Ministry officials also solicited the Ambassador's help in securing alternate medical treatment for Kazemi. However, her injuries were too extensive and she died on July 12.

By now, the highest levels of both governments were involved. Khatami announced an inquiry into her arrest and death. In Ottawa, from Chrétien on down, statements were issued demanding a transparent investigation. Graham called Kharrazi with this message and Manley stated publicly that the warming bilateral relationship would be jeopardized if her death was not satisfactorily explained.<sup>126</sup> The two sides remained at loggerheads over numerous issues including the disposition of Kazemi's body. Tehran maintained that her family wished her be interred in Iran, while Ottawa insisted that her Montreal-based son wanted the remains repatriated back to Canada.<sup>127</sup> Underlining the issue of burial was also having the opportunity to perform an independent autopsy to determine the cause of her death. When Kazemi was buried in Shiraz on July 23, an angry Chrétien recalled Ambassador Philip MacKinnon in protest. As Graham explained, "The Iranian government and all governments know that the recalling of an ambassador for consultations is a diplomatic form of indicating extreme disquiet and displeasure with actions of the government."<sup>128</sup> A Foreign Ministry spokesman in Tehran retorted, "Canada's attitude over the regrettable death of an Iranian citizen is unjustified. We hope Canada will avoid premature and illogical actions that could further complicate the situation."<sup>129</sup> While the Chrétien government took a strong public stand, DFAIT officials acknowledged that the reformist and hardline fissures within

the Iranian political system were at work and that Ottawa was also trying to quietly encourage the more pragmatic elements to assert control over the case. DFAIT was encouraged by an initial cabinet-level report indicating that Kazemi died as a result of a severe blow to the head, but found less promising the involvement of prosecutor Saeed Mortazavi, who may have been involved in the actual interrogation of the journalist.

MacKinnon was sent back to Iran in October. In announcing the Ambassador's return, Graham suggested that the action was primarily due to new uncertainties over Iran's nuclear program and the possibility of UN Security Council action (to be discussed in chapter five). The Foreign Minister underscored the importance of MacKinnon being in place during this crucial period not only because of the nuclear matters but also to be able to attend the trial of those accused of killing Kazemi.<sup>130</sup> The Ambassador took with him a personal letter from Chrétien to Khatami, which among other items, demanded the return of Kazemi's body.<sup>131</sup> The timing of MacKinnon's return also coincided with a more muscular foreign policy being unveiled by the Chrétien government. The Kazemi case had caused Canada to more forcefully link its Iran relationship to human rights and nuclear proliferation. While Canada was often the co-sponsor of resolutions in international forums, it would now assume a more leading role.

One of the first indications of this new policy was at the Third Committee of the UN General Assembly in November 2003. Canada sponsored a resolution condemning Iran's human rights record and directed the campaign for its passage.<sup>132</sup> Although Ottawa denied its actions were spurred by the Kazemi case, the vigor in which it moved the resolution to a successful vote in committee left no doubt about the seriousness of its intentions. That a similar resolution had failed in 2002 was also a testament to Canadian diplomacy in the passage of the current condemnation. The point was not lost on the Iranian delegate. Paymaneh Hastae'i complained, "The hidden as well as selfish agenda behind this draft contradicts the purpose of those countries that genuinely seek to promote human rights at the international level."<sup>133</sup> The UN General Assembly adopted the resolution on December 22, 2003.

As the controversy over Kazemi lingered, Tehran sought to interject the case of Keyvan Tabesh into the mix. Tabesh was an 18 year old Iranian immigrant who was shot and killed by British Columbia police on July 14, 2003. Tabesh was wielding a machete at officers prior to being killed. Kharrazi raised the issue directly with Graham on numerous occasions. In July 2004, as the trial for

Kazemi's murder was set to resume, Ottawa learned that Canadian observers would be denied access to the proceedings. Graham failed to persuade Kharrazi, by phone and letter, to have this decision reversed. He then held a joint news conference with Kazemi's son, Stephan Hachemi, to announce that MacKinnon would be recalled in protest. Notably, the Ambassador was still in Tehran on July 17 when the trial restarted.<sup>134</sup> He managed to attend the opening session along with the Dutch Ambassador and a British diplomat. A Canadian official familiar with this incident believes that MacKinnon was mistaken for another European diplomat and thus allowed to enter the courtroom.<sup>135</sup> When the Ambassador tried to attend the next day's proceedings he was denied entry. In any event, on the second day, the trial judge abruptly ended the legal procedures and within a week had cleared the accused of all charges. An infuriated Graham stated, "I am disappointed but not surprised by this flagrant denial of due process. Ambassador MacKinnon will be returning to Canada immediately."<sup>136</sup> A few days later, newly-installed Foreign Minister Pierre Pettigrew also severely criticized the Iranian judicial measures. "This trial has done nothing," he said, "to answer the real questions about how Ms. Kazemi died or to bring the perpetrators of her murder to justice."<sup>137</sup> Shortly thereafter Iran's judiciary issued a statement claiming her death was accidental "due to a fall in blood pressure resulting from a hunger strike and her fall on the ground while standing."<sup>138</sup> DFAIT rejected the statement as lacking in any credibility. As the trial ended, many Iranian officials failed to grasp the depth of Canadian anger over Kazemi's murder and the failed legal proceedings as well as how extensively the case was being covered by the media back in Canada. Indicative of this misread was a statement by an IRI Foreign Ministry spokesman. "The issue of Zahra Kazemi will not affect our relationship with Canada," asserted Hamid Reza Asefi, "because Zahra Kazemi was an Iranian citizen and this has nothing to do with Canada."<sup>139</sup>

In November 2004, Pettigrew announced that Canada had tabled a resolution on Iran in the Third Committee:

Canada's assessment is that the human rights situation in Iran has worsened during the last year, a position shared by many members of the international community. We believe that Iran needs to hear from the global community that change is necessary. Our objective remains to promote and accelerate positive change for the human rights of the Iranian people.<sup>140</sup>

Iran vehemently rejected Canadian assertions about its human rights record and accused Ottawa of spreading false and unsubstantiated statements.



The IRI representative also highlighted Canada's treatment of minorities and indigenous people as well as mentioned the killing of Keyvan Tabesh as proof of Canadian human rights abuses. Ottawa's measure passed in the Third Committee. And for the second year in a row, on December 17, 2004, the UN General Assembly adopted the resolution condemning Iran.

While the human rights resolution was playing out at the UN, Pettigrew also named a new ambassador to Iran, after the position lay vacant for four months. In making the appointment of Gordon Venner to this post, the Foreign Minister explained:

It is important to resume our full diplomatic presence in Iran at this juncture. Our Ambassador will be responsible for representing Canada's views on Iran's nuclear program at a time when Canada chairs the Board of Governors of the International Atomic Energy Agency. In addition, he will advocate strongly for Canada's position on the human rights situation in Iran...These are issues of consequence to Canadians. To make an effective case in Iran, we require sufficiently senior representation.<sup>141</sup>

No sooner had Venner's posting been announced than IRI Foreign Ministry spokesman Asefi warned that the new Ambassador would find himself in "trouble" if he meddled in the domestic issue of the Kazemi case.<sup>142</sup> Pettigrew's office immediately retorted, "Ambassador Venner will pursue as far as possible the avenues of redress [for the Kazemi family]... Justice has not yet been rendered and Canadians expect answers."<sup>143</sup>

New evidence about Kazemi's treatment in prison came to light in early 2005 from an Iranian physician granted political asylum in Canada. He worked for the Iranian Ministry of Defense and had examined the journalist four days after her arrest. The doctor publicly presented gruesome details of the torture which she had endured. This latest information unleashed a media and opposition firestorm of criticism against Iran and the Canadian government. "Letting Iran get away with murder," screamed a *National Post* editorial.<sup>144</sup> "What kind of callous, spineless government re-established normal diplomatic relations with this kind of regime?" asked Conservative Leader Stephen Harper on the floor of the House of Commons.<sup>145</sup> Pettigrew explained that an ambassador was needed to articulate Canada's views and that Ottawa was pressing for justice for the Kazemi family. Clearly the government was losing the public relations battle. It pulled its support for a mid-April Montreal conference promoting agricultural exports to the IRI. And following another government-to-government rejection for the repatriation of Kazemi's



body and the failure of an Iranian appeals court to render a decision to Kazemi's family, Pettigrew voiced new limitations on contacts with Iran. In May 2005, he revealed a tightened and more restrictive form of the "controlled engagement" policy. "The bilateral relationship with Iran cannot proceed as normal," he stated.<sup>146</sup> The only topics to be discussed between Canadian and Iranian officials would be 1) the Kazemi case 2) Iran's human rights record and 3) Iran's nuclear program. Pettigrew explained further:

We have decided to constrain our bilateral relations with Iran until Iranian authorities are prepared to deal with this affair in a serious and credible manner...No visits or exchanges by Iranian officials to Canada will be permitted, nor will Canadian officials engage with Iran, except relating to these issues. The Iranian Embassy in Ottawa will need to have any meetings with officials of the Government of Canada approved, in advance, by Foreign Affairs Canada. Canada will not block the initiatives of private Canadian companies to trade with their Iranian counterparts. However, we will continue to apply strict export controls on sensitive goods and we will continue to advise business people about the political environment to consider when doing business with Iran...This state of relations will persist until Iran has taken steps to launch a credible and independent investigation and judicial process into the Kazemi case. This process must lead to real consequences for those responsible for her death. We have not decided to recall our Ambassador, nor to shut down Embassy services. We believe there continues to be a need for professional-level dialogue regarding the serious existing difficulties in our relationship.<sup>147</sup>

The new restrictions did not seem to indicate a prohibition of high-level contacts, only that any meetings were restricted to the three items identified above. Pettigrew met with the new Iranian Foreign Minister Manouchehr Mottaki on the sidelines of the opening session of the UN General Assembly in September 2005. Pettigrew spoke about Kazemi and Mottaki raised the matter of Tabesh. They also discussed Iran's nuclear program.

Once again in November, Ottawa brought a resolution concerning the human rights situation in Iran to the UN floor. This time, Tehran launched a full-scale attack on the Canadian initiative. It cited evidence culled from UN inquiries, NGO reports and Canadian documents which Iran claimed demonstrated a history of human rights abuses by Canada. Pettigrew answered the charges: "Iran's response clearly shows that it is feeling the pressure of Canada's leadership at the UN in focusing attention on Iran's dismal human rights record. By any reasonable set of indicators, Canada takes its human rights obligations seriously. In Canada, human rights issues are debated openly. No one in Canada is sent to jail for expressing an opinion."<sup>148</sup> For a

third straight year, the Third Committee and General Assembly passed the Canadian-sponsored resolution.

The controversy surrounding the Kazemi case did very little to boost commercial ties between the two countries. In the 2003–2007 period, Canadian exports averaged around \$250 million each year, while Iranian imports remained very low (\$44.7 million in 2007). Additionally, the wars in neighboring Iraq and Afghanistan, Iran's nuclear standoff with the West coupled with President Mahmoud Ahmadinejad's bellicose statements about Israel and the Holocaust further undermined Canadian confidence in doing business with the IRI. In 2006, as the Conservative Party of Stephen Harper prepared to take power for the first time in a dozen years, Ahmadinejad graced the cover of *Maclean's*. The respected Canadian newsweekly boldly proclaimed "the nuke-happy, Jew-hating lunatic president of Iran" as the "scariest man on earth."<sup>149</sup>

Soon after becoming Prime Minister, Harper had to deal with another Iranian-Canadian jailed in the IRI. Ramin Jahanbegloo, a leading intellectual and dual citizen, was arrested in April 2006.<sup>150</sup> Accused of "relations with foreigners" and of conspiring against the government, the political philosophy professor was thrown into the same prison in which Kazemi was tortured. Once news of his arrest reached Canada, comparisons between the two cases were hard to miss. Although there was considerable official Canadian activity behind the scenes on Jahanbegloo's behalf, public commentary was sparse. Foreign Minister Peter MacKay explained that Ottawa did not wish "to endanger his life or current circumstance," by openly addressing the matter.<sup>151</sup> Canada once again faced the same issue that had been central to Kazemi's imprisonment that Iran did not recognize subsequent citizenships. For Tehran this was again an internal matter regarding an Iranian citizen and Ottawa had no standing with respect to Jahanbegloo. Canadian officials were constantly rebuffed in their efforts to see him at Evin Prison. After four months of captivity, Jahanbegloo was released in August. While acknowledging that "We don't have a great deal of diplomatic dialogue right now with Iran," MacKay stated after Jahanbegloo's release, "we've continually kept the pressure on them, seeking assurances of his well-being, seeking consular access and will continue to press the Iranian government to let (him) and his family...live without fear of reprisals or further arrest."<sup>152</sup>

During Jahanbegloo's detention, two other incidents played out in the Canadian press and demonstrated the deep chill in the Iranian-Canadian

relationship. A front-page story in the *National Post* asserted that Tehran would soon force non-Muslims to place color-coded badges on their clothing.<sup>153</sup> Raising images of the yellow star which Nazi Germany compelled Jews to wear, this plan was condemned by politicians and the media. It turned out to be a false report, and the *Post* admitted its error, but the fact that the story was so readily believed indicated just how negative perceptions of Iran had become in Canada. “I am glad to hear that the government of Iran is not considering this,” remarked Harper after previously giving credence to the story, “that doesn’t make me any less concerned about the comments that the government of Iran has made on issues like Israel’s right to exist, on denial of the Holocaust and these kinds of positions.”<sup>154</sup> Also at this time, Canada expressed its “disgust” over the makeup of the IRI’s delegation to the inaugural meeting of the UN Human Rights Council in Geneva. Included among Iran’s representatives was Saeed Mortazavi, the prosecutor who had ordered Kazemi’s arrest and who many believed covered up his own involvement in her torture and death. Mortazavi’s presence, MacKay declared, “demonstrates the government of Iran’s complete contempt for internationally recognized principles of human rights.”<sup>155</sup> He also stated that by dispatching Mortazavi Tehran was seeking to discredit the new Council’s mandate on human rights. The Harper government pressed for Mortazavi’s arrest and requested action from Germany if he stopped there following the Council meeting. Mortazavi avoided legal difficulties by flying directly from Geneva to Iran. MacKay issued a warning, “Mark my words, this individual is on notice. If there is any way that Canada can bring this person to justice, we’ll do it.”<sup>156</sup>

The Harper government maintained previous Liberal policy in having Canada sponsor a human rights resolution in the UN Third Committee in November 2006. And for the fourth consecutive year it was adopted, although by the barest of margins.<sup>157</sup> Using a “no action” procedure, the IRI came within three votes of having the resolution thrown out. Additionally, Tehran responded with a new tactic – it introduced its own measure seeking to have Ottawa condemned for its “grave” treatment of aboriginal peoples and immigrants as well as “the worrying situation of women prisoners” in Canadian jails.<sup>158</sup> Many diplomats saw the latter clause as a reverse reference to the Kazemi case. The Iranian-backed resolution failed by a 107-6 vote with 49 abstentions. “Due to the insufficient knowledge of some countries about what goes on in Canada,” explained Foreign Minister Mottaki, “the draft resolution may not be well received this year, but until the full disclosure of crimes committed by

different Canadian governments, we will firmly pursue our aim in the domain of human rights.”<sup>159</sup> In further retaliation for Ottawa’s moves in the General Assembly, a group of Iranian lawmakers called for a Majlis probe of Canadian Embassy espionage activities in Tehran. “The Canadian embassy represents the ‘den of spies’ and this is unacceptable for Iranians,” declared one lawmaker in calling Canada a proxy for the United States.<sup>160</sup> DFAIT categorically denied the espionage accusations. This particular diplomatic flare-up also came at a time when Canada did not have an ambassador in Tehran. Venner had moved back to Ottawa as the Department’s Director General of the Middle East and North Africa Bureau. Prior to Venner’s departure, Canada nominated John Mundy as ambassador. However, Tehran only accepted Mundy as Canada’s representative in April 2007.

Throughout 2007, the two states sparred over human rights issues at the Human Rights Council in Geneva and then again throughout the opening session of the UN General Assembly in September. During this annual weeks-long gathering of world leaders, Iran circulated a 70-page document entitled “Report of Human Rights Situation in Canada,” which provided a litany of alleged abuses perpetrated by Canadian governments. The booklet was a new Iranian strategy to paint Canada as a human rights hypocrite. It demanded that Ottawa meet its own international obligations before finding fault with other countries. Clearly the IRI hoped to create enough doubt about the Canadian record to wean a few countries away from supporting Canada’s resolution in the Third Committee later in November. In four years of campaigning, Iran had gained allies – among states with suspect human rights practices themselves, but also among others concerned about political motivations behind the resolutions and who were uncomfortable over the whole issue of singling out specific countries for condemnation. Given the close 2006 procedural vote, Tehran’s plan for 2007 had a good chance for success. Both Canada and Iran worked the UN corridors and met with individual country delegates to garner support for their respective positions. For example, Foreign Minister Maxime Bernier raised the matter in most of the 30 bilateral meetings he had with counterparts during the opening session of the General Assembly.<sup>161</sup> In the end, with only one vote to spare, Canada won the procedural battle. As the *National Post* described the situation: “Gasps and other expressions of astonishment erupted in the UN chamber as 78 countries voted with Iran in its call for ‘no action’ on the censure bid – but 79 countries were against, and 24 abstained.”<sup>162</sup> The resolution itself was adopted by the General Assembly on December 18, 2007.

As 2007 came to an end, Iran's Supreme Court ordered a new investigation into Kazemi's death, citing flaws in the original inquiry. However, what might have been interpreted as a positive development in the bilateral relationship was dampened by a new diplomatic spat over representation in each other's capital. Iran ordered Ambassador Mundy to leave the country in early December. Mundy, who was never allowed by the IRI to formally present his credentials despite being publicly named ambassador in April, was expelled in retaliation for Ottawa rejecting at least two individuals Tehran had put forth as its representative.<sup>163</sup> According to published accounts, the Iranian diplomats had previously served as ambassadors to Germany and the former USSR. Canadian officials believed that both candidates had been involved with the US hostage crisis of 1979-81. As a consequence, Ottawa would not accept either man as Iran's envoy.<sup>164</sup> Foreign Minister Bernier explained, "We believe that the expulsion of our ambassador is an unfortunate and unjustified consequence of this situation. As always, Canada remains prepared to receive an Iranian ambassador provided a suitable candidate is presented."<sup>165</sup>

The new chill in the relationship was also evident in statements made by Defense Minister MacKay on a Christmas 2007 visit to Canadian troops in Afghanistan. He accused Tehran of supplying insurgent forces with the improvised explosive devices (IEDs) responsible for many of the Canadian deaths in Afghanistan. This was the first time that such an accusation had been made publicly by a governmental minister.<sup>166</sup> It was just one more indication of how strained the Canadian-Iranian relationship had become since Kazemi's murder in 2003. At the time of this writing, notwithstanding Iranian Foreign Minister Mottaki's assertion, that the relationship was "a normal and typical one,"<sup>167</sup> diplomatic ties continued to operate at the *chargé d'affaires* level.

## Endnotes

1. Quoted in Levant, 10.
2. Quoted in "Canadians, Others Told to Quit Iran," *Globe and Mail*, January 1, 1979 found at Lexis-Nexis (accessed June 11, 2007).
3. Quoted in "Iranian Diplomats in Ottawa Back Khomaini (sic)" *Globe and Mail*, January 27, 1979, found at Lexis-Nexis (accessed June 11, 2007).
4. Government of Canada, *House of Commons Debates Official Report* (February 13, 1979): 3156-3157.
5. "Canada to Take Iranian Jews, Trudeau Says to Questionnaire," *Globe and Mail*,

- May 21 1979, found at Lexis-Nexis (accessed June 11, 2007).
6. Interview with Ambassador Kenneth Taylor, February 2007.
  7. Ibid.
  8. Ismael (1984), 153.
  9. Interview with Ambassador Taylor, 2007.
  10. "Clark Seeks Declaration," *Globe and Mail*, November 22, 1979, found at Lexis-Nexis (accessed June 11, 2007).
  11. "Carter Cancels Visit to Ottawa," *Canadian News Facts* 13, no. 20 (1979): 2227.
  12. "Iran Cuts Off Some Oil for Canada," *Canadian News Facts* 13, no. 22 (1979): 2242.
  13. "Canadian Oil May Ease US Shortage, PM Says," *Globe and Mail*, December 4, 1979, found at Lexis-Nexis (accessed June 11, 2007).
  14. "Canada Urges UN Action in Iran," *Canadian News Facts* 13, no. 23 (1979): 2251.
  15. Interview with Ambassador Taylor, 2007.
  16. The best account of events surrounding 'The Canadian Caper' remains the book by Pelletier and Adams (op. cit.). Pelletier, as Washington correspondent for Montreal's *La Presse* newspaper, discovered details of the operation in early December 1979. His published account, the day after the American and Canadian diplomats had left Iran, broke the story.
  17. "Canada Aids Americans to Escape Iran," *Canadian News Facts* 14, no. 2 (1980): 2261.
  18. "Canada and Iran: They Tried to Keep It Quiet," *The Economist*, February 2, 1980, found at Lexis-Nexis (accessed November 21, 2007).
  19. "Didn't Apologize to Iran, Clark says Minister's Claim Branded False," *Globe and Mail*, January 31, 1980, found at Lexis-Nexis (accessed February 19, 2007).
  20. "Iran Says Canada Aided Shah's Police," *Canadian News Facts* 14, no. 3 (1980): 2272. At this time, Tehran was also accusing Canada of having allowed SAVAK agents to operate within Canada during the Shah's era.
  21. "Bury Hatchet, Iranian Tells Canada," *Globe and Mail*, March 8, 1980, found at Lexis-Nexis (accessed February 19, 2007).
  22. "Canada Tightens Sanctions on Iran," *Canadian News Facts* 14, no. 8 (1980): 2317.
  23. "MacGuigan Critical of US Policy," *Canadian News Facts* 14, no. 11 (1980): 2340-41.
  24. In July 1980 when the ex-Shah died in Cairo, Canada did not send a governmental

- representative to his funeral. An External Affairs spokesman told the *Globe and Mail* that Canada would not be represented because Ottawa had recognized the new regime in Iran. ["One-time Allies to Shun Funeral of Deposed Shah," July 29, 1980, A12.]
25. New Zealand closed its embassy in Tehran after it was attacked. Taylor notes that the Ambassadors of New Zealand and Denmark were the diplomats he was most friendly with during his tenure in Iran. (Interview with Ambassador Taylor, 2007).
  26. "Iran Releases US Hostages," *Canadian News Facts* 15, no. 2 (1981): 2452.
  27. "Future Trade with Canada Based on Need, Iran Says," *Globe and Mail*, March 4, 1981, found at Lexis-Nexis (accessed November 10, 2007).
  28. James Rusk, "Iran Sends Signals It Wishes to Renew Canadian Relations," *Globe and Mail*, February 11, 1982, found at Lexis-Nexis (accessed November 10, 2007).
  29. As the *Globe and Mail* reported, "Velayati told a news conference this was the least Iran could demand for an act which he described as violating the integrity and sovereignty of Iran." [See "Iran Wants Canada to Apologize," (November 10, 1982) found at Lexis-Nexis (accessed November 10, 2007).]
  30. Orland French, "Keeping in Touch with Iran," *Globe and Mail*, May 1, 1984, found at Lexis-Nexis (accessed November 10, 2007).
  31. Ismael (1984), 153.
  32. Government of Canada, The Senate Standing Committee on Foreign Affairs, *Report on Canada's Relations with the Countries of the Middle East and North Africa* (Ottawa: Minister of Supplies and Services Canada, 1985): 131-132. In regard to the increase in Iranian petroleum exports to Canada, the Report highlighted that Canadian refiners had benefited from deep oil price discounts in 1983. "In fact, large volumes of Iranian oil imports are unlikely to recur in the near future as oil prices from Iran have had to absorb increased shipping and insurance costs due to the dangerous situation in the Gulf.[99]"
  33. *Ibid.*, 90. Emphasis in original.
  34. Interview with Ambassador Taylor, 2007.
  35. "Clark Announces Negotiations to Renew Canada-Iran Relations," *Toronto Star*, June 28, 1988, found at Lexis-Nexis (accessed February 19, 2007).
  36. Michael Babad, "Canada Restores Ties with Iran," UPI, July 18, 1988, found at Lexis-Nexis (accessed February 19, 2007).
  37. Once Canadian peacekeepers were in place on the Iran-Iraq border with UNIIMOG, the embassy sent many of the excess mattresses to the troops. (Interview with Chargé d'Affaires Scott Mullin, February 2007).



38. "Diplomatic Ties with Canada Resumed 18 Jul," IRNA, July 18, 1988, found in *Foreign Broadcast Information Service—Near East and South Asia*, 68.
39. Ibid.
40. The 1985 Senate report noted, "During this study Committee members were concerned as to what constructive role Canada could play, if any, in the Iran-Iraq situation. The Canadian government has appealed to both parties to end the conflict and urged them to make use of the good offices of the Secretary-General. Canada has strongly supported his mediation efforts in this war. After hearing testimony on this subject, the Committee concluded that, beyond this, there was little that Canada could do.[ix]" In one notable attempt, External Affairs Minister Clark raised the issue of the war with his European, Japanese and American counterparts during the June 1987 G-7 summit in Venice. Clark pushed for a Gulf arms embargo. He also embraced renewed UN mediation efforts to arrange a ceasefire between the belligerents. See Margaret Royal, (1991) "External Affairs and Defence," in *Canadian Annual Review of Politics and Public Affairs 1987*, ed. R.B. Byers (Toronto: University of Toronto Press, 1991), 167.
41. John Kirton and Peyton Lyon, "Perceptions of the Middle East in the Department of External Affairs and Mulroney's Policy 1984-1988," in *The Domestic Battleground: Canada and the Arab-Israeli Conflict*, eds. David Taras and David H. Goldberg (Montreal/Kingston: McGill-Queen's University Press, 1989): 200.
42. Bob Levin and Marc Clark, "Canada's Critical Ceasefire Mission," *Maclean's* (August 22, 1988): 28.
43. Sean M. Maloney, *War with Iraq: Canada's Strategy in the Persian Gulf, 1990-2002* (Kingston: Center for International Relations, Queen's University, 2002), 5.
44. Paul Koring, "Iranian Envoy Plans First Visit in 9 Years," *Globe and Mail*, February 8, 1989, found at Lexis-Nexis (accessed November 10, 2007).
45. Andrew Cohen, "Iran-Iraq Peace Opening Door for Business Forays," *Financial Post*, July 25, 1988, found at Lexis-Nexis (accessed February 19, 2007).
46. Interview with Chargé Mullin.
47. "A Near-miss with Iran," *Maclean's*, March 13, 1989, found at Lexis-Nexis (accessed May 22, 2007).
48. Koring, "Iranian Envoy Plans First Visit in 9 Years," February 8, 1989.
49. Fanalan, 79.
50. "Ayatollah Speaks, Ottawa Quivers," *Toronto Star*, February 21, 1989, A12. The *Globe and Mail* editorialized, "Canada has balked at such forceful remonstrance; External Affairs Minister Joe Clark fretted that Canada should not over-react over a single issue. But Canada, no less than other countries, is vulnerable to the



- sort of mini-jihad Ayatollah Khomeini has launched. It is a Briton today; it might be a Canadian tomorrow, and not necessarily an author.” [“The Rushdie Affair” (February 21, 1989) found at Lexis-Nexis (accessed November 11, 2007).]
51. Rosemary Speirs, “Canada Shows its ‘Disapproval’ Envoy Called Home from Tehran,” *Toronto Star*, February 22, 1989, A1.
  52. Richard Cleroux, “Canadian Envoy Recalled from Iran,” *Globe and Mail*, February 22, 1989, found at Lexis-Nexis (accessed February 19, 2007).
  53. Speirs, February 22, 1989.
  54. Ibid.
  55. Rushdie made a highly public visit to Canada in December 1992 while still under the death threat. The author was received by External Affairs Minister Barbara McDougall. He also met with the House of Commons Human Rights Subcommittee. The reception Rushdie received from Canadian officialdom was in marked contrast to a March 1992 visit to the US where no American official would meet with him and the White House spokesman dismissed Rushdie as “just another author on a book tour.” [Clyde H. Farnsworth, “Salman Rushdie, in Canada, Asks Help on Iranian Decree,” *New York Times*, December 10, 1992, <http://select.nytimes.com> (accessed April 22, 2007)]. The Rushdie issue emerged again in early 2002 when Air Canada revealed that since September 2001, it had prohibited the author from traveling on any of the company’s aircraft. Air Canada explained that this policy was in response to security procedures announced by the US for planes carrying Rushdie entering US airspace. “To implement those procedures would have caused considerable disruption to our operations and other passengers on flights,” stated a company spokesperson. [“Rushdie Banned from Air Canada,” (March 19, 2002) *New York Times*, March 19, 2002, <http://select.nytimes.com> (accessed April 22, 2007)]. Under heavy criticism once this policy became public in March 2002, Air Canada lifted the ban on Rushdie.
  56. “Alberta Helps Firms Sell to Iran,” *Toronto Star*, July 13, 1989, A18.
  57. Zuhair Kashmeri, “Iran Trade Snowballs, Canada Expecting Even More Growth,” *Globe and Mail*, July 17, 1990, found at Lexis-Nexis (accessed November 19, 2007).
  58. Hugh Winsor, “Relations with Iran Revive, Clark Confers with Foreign Minister on Gulf Standoff,” *Globe and Mail*, September 29, 1990, found at Lexis-Nexis (accessed February 19, 2007). After meeting with Velayati, Clark pointedly noted that Britain and Iran had re-established relations just that week.
  59. “Ottawa Weighing Response to Iraq,” *Toronto Star*, August 3, 1990, B2. Two-way trade with Iraq was worth \$320 million in 1989.

60. John Kirton, "Liberating Kuwait: Canada and the Persian Gulf War, 1990-91," in *Canadian Foreign Policy: Selected Cases*, eds. Don Munton and John Kirton (Scarborough, Ontario: Prentice-Hall Canada, Inc., 1992), 383.
61. *Ibid.*, 387.
62. Andrew Richter, "External Affairs and Defence," in *Canadian Annual Review of Politics and Public Affairs 1991*, ed. David Leyton-Brown (Toronto: University of Toronto Press, 1998), 120 and Tareq Y. Ismael, *Canada and the Middle East: The Foreign Policy of a Client State* (Calgary: American-Arab Institute for Strategic Studies/Detselig Enterprises Ltd., 1994), 95.
63. Kirton (1992), 382, 391.
64. Maloney, 9.
65. Richter, 118.
66. *Ibid.*, 120.
67. During the Korean War (1950-1953), Canada contributed 21,000 troops and suffered 300 combat deaths. [Kirton (1992), 382.]
68. Clark and Velayati had previously held a meeting during the UN General Assembly opening session on September 28, 1990. See "Canada, Tunisia, Greece Ministers," Tehran Domestic Service, September 28, 1990, found in *Foreign Broadcast Information Service-Near East and South Asia* (October 2, 1990): 55.
69. "Canada's Joe Clark Heads Delegation to Tehran," Tehran Domestic Service, March 12, 1991, found in *Foreign Broadcast Information Service-Near East and South Asia* (March 12, 1991): 59.
70. Interview with Ambassador Paul Dingledine (February 2007).
71. Paul Koring "Canada Shifts Focus of Aid for Kurds to Iran. Tehran Shouldering Bulk of Iraqi Refugees, Minister Says," *Globe and Mail*, April 18, 1991, found at Lexis-Nexis (accessed November 10, 2007).
72. Maloney, 30.
73. *Ibid.*, 32-33.
74. *Ibid.*, 34.
75. "Canada's Trade with Tehran Doubled in 2 Years, Wilson says," *Toronto Star*, September 15, 1991 found at Lexis-Nexis (accessed November 10, 2007).
76. Confidential interview.
77. The figures are from Industry Canada's "Trade Data Online," <http://strategis.ic.gc.ca>. (accessed November 30, 2007).
78. This was the second assault on Iran's new embassy building which it acquired only in 1991. On September 21, 1991 a Molotov cocktail was thrown against the structure, causing a minor fire.

79. Following a trial in 1994, 21 people received punishment ranging from suspended sentences to one year in prison for the embassy assault. While a federal inquiry had previously found that the Canadian Security Intelligence Service had not delayed in notifying police during the attack, the sentencing judge criticized the Service's handling of the incident. "Judge Criticizes Handling of Iranian Embassy Siege," Canadian Press Newswire, September 9, 1994, found at Lexis-Nexis (accessed June 8, 2007).
80. "Three Hurt in Attack on Iranian Embassy," *Globe and Mail*, April 6, 1992, A1.
81. Ross Howard, "Opposition Roasts Lewis over Attack on Embassy," *Globe and Mail*, April 7, 1992, A6.
82. The figures are from Industry Canada's "Trade Data Online" <http://strategis.ic.gc.ca>. (accessed November 30, 2007).
83. Quoted in Andrea W. Lorenz, "Canadian Business Community Baffled by Iran Embargo," Washington Report on Middle East Affairs, July/August 1995, found at <http://www.wrmea.com/backissues> (accessed December 21, 2006).
84. Quoted in Ibid.
85. "Wrong Tack on Iran," *Toronto Star*, May 6, 1995, C2.
86. Quoted in Jeff Sallot and Julian Nundy, "US Allies Denounce Antiterror Law. Canada Attacks Unilateral Approach on Libya, Iran; Europeans Warn of Retaliation," *Globe and Mail*, August 7, 1996, found at Lexis-Nexis (accessed November 10, 2007).
87. Ibid. Another *Globe and Mail* article by Drew Fagan ended with: "It's simply good election-year politics in the United States to beat up on Iran and Libya in any way possible. But it will come at a price – tattered relations with some of the closest allies of the United States." ["US Law Barks at Canada, Bites Europe. Ottawa's objections are more moderate because Canadian companies have less at stake – for now," August 7, 1996, found at Lexis-Nexis (accessed November 10, 2007).]
88. "Iran: Canadian Embassy Expresses Concern about Trade Embargo," IRNA, July 18, 1996, found in *Foreign Broadcast Information Service-Near East and South Asia* (July 19, 1996), 60.
89. According to a Canadian diplomat familiar with the issue, Iran saw a consulate in Vancouver as a gateway to the large Iranian-American community in Los Angeles (Confidential interview).
90. Michel de Salaberry, "Accidental Journey," *InterCultures Magazine* (Summer 2005) <http://www.dfait-maeci.gc.ca/cfsi-icse/cil-cai/magazine/0504/menu-en.asp>. (accessed December 6, 2006).
91. Interview with Ambassador Michel de Salaberry, April 2007.

92. "Axworthy Expresses Concerns over Iranian Government Involvement in Mykonos Case," DFAIT, April 11, 1997, [http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication\\_id=375944&Language=E&docnumber=68](http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication_id=375944&Language=E&docnumber=68) (accessed December 17, 2007)
93. de Salaberry, "Accidental Journey." In 1997, two-way trade exceeded Can\$1.2 billion. It was the largest bilateral trade ever between the two states. Canada exported over 60 percent of this total, with the bulk of this trade in wheat sales. Iran was the single biggest market for Canadian wheat in the world.
94. Michel de Salaberry, (1999) "Interview: Three Memorable Years," *Iran-Canada Business* 1, no. 6 (1999), [http://www.iccim.org/english/magazine/iran\\_canada/vol1\\_no6/index.htm](http://www.iccim.org/english/magazine/iran_canada/vol1_no6/index.htm). (accessed December 6, 2006).
95. Government of Canada, *House of Commons Debates Official Report*, April 11, 2000, Hansard <http://www2.parl.gc.ca/housechamberbuisness> (November 10, 2007): <http://www2.parl.gc.ca/housechamberbuisness>.
96. Interview with Ambassador de Salaberry.
97. Geoffrey York, "Iran's Trade Team Coming to Canada. Largest High-level Delegation since 1979 Revolution to Court Business People in Four Cities," *Globe and Mail*, February 17, 1998, found at Lexis-Nexis (accessed November 10, 2007).
98. Ibid.
99. Interview with Ambassador de Salaberry.
100. Ibid.
101. At one point, Canada even helped organize a US trade mission to Iran. De Salaberry believes that American contacts with Canada helped modify the Clinton Administration's views about Iran. (Ibid).
102. Brent Jang, "Bow Valley's Iran Deal Irks US," *Globe and Mail*, April 6, 1999, B1.
103. "Iran: Canadian Agriculture Official Arrives in Tehran," (October 19, 2000) IRNA, October 19, 2000, as monitored by the BBC Worldwide Monitoring Service found at Lexis-Nexis (accessed November 23, 2007).
104. These figures are from Industry Canada's "Trade Data Online," <http://strategis.ic.gc.ca>. (accessed November 30, 2007).
105. See "Iran: Foreign Ministry Denies Sending Message to USA on Afghan Attacks," *Tehran Times*, September 18, 2001, as supplied by BBC Worldwide Monitoring found at Lexis-Nexis (accessed November 23, 2007) and Allan Thompson, "Manley off to Iran to Try to Patch up Rift with US," *Toronto Star*, October 25, 2001, A13. Manley acknowledges the phone call with Kharrazi: "I spoke with the foreign minister of Iran in order to ...begin to understand what their position would be

- in response to any kind of action that might be contemplated and how they saw developments in the region.” See quote in “Iran Denies Passing Message to Canada on Targeted US Strikes,” Agence France Presse, September 19, 2001, found at Lexis-Nexis (accessed December 20, 2007).
- 106.A Canadian diplomat from this period asserts that Iran was acutely aware that the US-Canadian relationship was the most important link that Ottawa had. Consequently he felt that much of the information Canada received from Iran, the IRI expected that it would be passed along to Washington without having to explicitly request such action. (Confidential interview.)
- 107.As reported in “Iran: Foreign Ministry Denies Sending Message to USA on Afghan Attacks” and Western news accounts such as “Iran Asks Canada to Pass Message Targeted Strikes Okay,” Agence France Presse, September 18, 2001, found at Lexis-Nexis (accessed December 20, 2007).
- 108.Manley also went to Syria, Lebanon, Israel and the Palestinian Territories following his visit to Iran.
- 109.Allan Thompson, “Iran Envoy Hails Trip by Manley,” *Toronto Star*, October 27, 2001, A8.
- 110.“Canada: Foreign Minister Says Not Acting as Envoy for USA on Iran Visit,” Radio Canada International, October 26, 2001, as monitored by BBC Worldwide Monitoring found at Lexis-Nexis (accessed November 23, 2007).
- 111.Confidential interviews with two Canadian diplomats once posted to Iran.
- 112.Quoted in Joan Bryden, “Manley Opens Door to Iran: Minister Urges Islamic State to Use Influence for Peace,” *Ottawa Citizen*, October 29, 2001, found at Lexis-Nexis (accessed May 15, 2007).
- 113.Ibid.
- 114.“Iran: Iranian, Canadian Foreign Ministers Discuss Afghan Crisis,” IRNA, October 28, 2001, as monitored by BBC Worldwide Monitoring found at Lexis-Nexis (accessed November 23, 2007).
- 115.Confidential interviews with two Canadian diplomats posted to Iran.
- 116.In mid-2007, an independent panel headed by former Liberal Foreign Minister John Manley was tasked by the Conservative government with gathering information on the Afghanistan mission and offering recommendations as to what Ottawa’s role should be after the then-parliamentary mandate regarding Afghanistan ended in 2009. Based on the Manley Report and additional NATO troop commitments in the Kandahar Province, in March 2008 Parliament approved (198-77) extending the country’s military stay in Afghanistan until the end of 2011.
- 117.George W. Bush, “State of the Union Address,” January 29, 2002, <http://www.>

- whitehouse.gov/news/releases/2002/01/20020129-11.html. (accessed December 20, 2007).
118. Jim Bronskill, "War's Expansion Supported: Action not Imminent against Bush's 'Axis of Evil' – Iran, Iraq, North Korea," *Montreal Gazette*, January 31, 2002, found at Lexis-Nexis (accessed November 23, 2007). The "support" mentioned in the headline was from Democrats in the US, not the Canadian government.
119. Norma Greenaway and Tim Naumetz, "Manley Criticizes 'Bellicose' Bush: Deputy PM Calls 'Axis of Evil' Remark Too Harsh as Canada Discusses Joint Defense Plan," *Ottawa Citizen*, February 9, 2002 found at Lexis-Nexis (accessed November 23, 2007).
120. "US to Probe Sheer Deal in Iran," *Globe and Mail*, May 29, 2002, found at Lexis-Nexis (accessed November 23, 2007).
121. "Iran, Canada Foreign Ministers Discuss Regional, International Developments," IRNA, May 31, 2002, supplied by BBC Worldwide Monitoring found at Lexis-Nexis (accessed November 23, 2007).
122. Kevin Cox, "Canadian Crew to Ship out to Perilous Waters," *Globe and Mail*, February 25, 2003, A1.
123. Joe Paraskevas, "Syria, Iran Praise Canada's War Stance," *National Post*, April 14, 2003, found at Lexis-Nexis (accessed November 23, 2007).
124. Canadian exports to Iran had fallen from \$666 million (2000) to \$497 million (2001) to \$168 million (2002), while imports from Iran dropped from \$123 million (2000) to \$45 million (2001). Iran did not ship any oil to Canada in 2001. Its exports consisted mainly of fruits/nuts and carpets. These figures are from Industry Canada's "Trade Data Online," <http://strategis.ic.gc.ca> (November 30, 2007).
125. "Canadian Official, Iranian Foreign Minister Discuss Ties, Iraq, Middle East," IRNA, May 24, 2003, supplied by BBC Worldwide Monitoring found at Lexis-Nexis (accessed November 23, 2007).
126. Robert Fife, "Return Body, Iran Warned: Manley Talks Tough. Death of Montrealer 'a Setback' to Effort to Improve Relations between Countries," *Montreal Gazette*, July 15, 2003, found at Lexis-Nexis (accessed November 23, 2007).
127. Iranian officials also insisted to the Embassy, that as a Muslim, Kazemi needed to be buried in the Islamic world. Canadian diplomats pointed out that there were 750,000 Muslims in Canada and that most chose to be buried there. (Confidential interview).
128. Quoted in Norma Greenaway, "PM Recalls Envoy, Scolds Iran: Sanctions Possible as Ottawa Ponders its Options; Kazemi's Son Demands Exhumation; Tehran Transfers Probe to Military Court," *National Post*, July 24, 2003, found at Lexis-Nexis (accessed November 23, 2007).

129. Ibid.
130. The trial opened for one day, October 7, 2003, before being suspended to allow the lawyer for the accused to study the facts of the case. MacKinnon is allowed to attend.
131. Jeff Sallot, "Canada to Return Ambassador to Tehran," *Globe and Mail*, September 30, 2003, found at Lexis-Nexis (accessed November 23, 2007).
132. Long before the Kazemi case, Canada had repeatedly expressed concerns about the human rights situation in the IRI. From the earliest stages of the post-revolutionary period, Ottawa raised the issue of the Bahai minority. It also took an active interest in the fate of the Iranian Jewish community; especially the trial of the Shirazi Jews which was ongoing around the time of Kazemi's murder. Canadian diplomats in Tehran, along with colleagues from the EU, Switzerland, Australia and New Zealand formed a contact group which regularly sent officials to human rights-related trials and made joint demarches to the Iranian government about these issues. Canada also was a frequent co-sponsor of UN resolutions regarding the human rights situation in Iran. However, until the Kazemi case, it had not taken the lead position on these matters at the UN.
133. Quoted in "Iran's UN Envoy Criticizes 'Interfering' Canadian Human Rights Resolution," IRNA, November 22, 2003, as supplied by BBC Worldwide Monitoring found at Lexis-Nexis (accessed November 23, 2007).
134. Nobel Peace Prize laureate and human rights lawyer Shirin Ebadi was representing the Kazemi family.
135. Confidential interview.
136. Miro Cernetig, "Rift with Iran Grows as Kazemi Trial Ends," *Toronto Star*, July 19, 2004, A1.
137. "Pettigrew Dissatisfied with Outcome of Kazemi Trial," Foreign Affairs Canada, News Release 81, July 25, 2004, [http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication\\_id=381358&Language=E&docnumber=81](http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication_id=381358&Language=E&docnumber=81) (accessed August 14, 2006).
138. Michael Friscolanti, "Canada Sheds 'Crocodile Tears' for Kazemi: Iran," *National Post*, September 6, 2004, found at Lexis-Nexis (accessed November 23, 2007).
139. Cernetig (July 19, 2004). In a *Hamilton Spectator* editorial advocating the expulsion of Iranian diplomats from Canada, the newspaper noted, "Iranian Foreign Ministry spokesman Hamid Reza Asefi is living on another planet if he thinks Canadian-Iranian relations will not be harmed by the sudden and inexplicable conclusion of the Zahra Kazemi murder trial behind closed doors." ["Iranian diplomats should be expelled," *Hamilton Spectator* reprinted in *Toronto Star*, July 23 2004, A22.]



140. "Human Rights Situation in Iran: Canada Presents Resolution at UN General Assembly," Foreign Affairs Canada, News Release 126, November 5, 2004, [http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication\\_id=381733&Language=E&docnumber=126](http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication_id=381733&Language=E&docnumber=126) (accessed July 11, 2006).
141. "Canada Appoints Ambassador to Iran," Foreign Affairs Canada, News Release 133, November 23, 2004, [http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication\\_id=381798&Language=E&docnumber=133](http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication_id=381798&Language=E&docnumber=133) (accessed August 14 2006).
142. "Canada and Iran Trade Barbs after New Ambassador Told to Pursue Kazemi Case," *National Post*, November 29, 2004, found at Lexis-Nexis (accessed December 21, 2007).
143. Ibid.
144. "Letting Iran Get Away with Murder," *National Post*, April 2, 2005, found at Lexis-Nexis (accessed November 21, 2007).
145. Bruce Campion-Smith, "Martin Called 'Spineless' in Kazemi Case," *Toronto Star*, April 5, 2005, found at Lexis-Nexis (accessed November 21, 2007).
146. "Minister Pettigrew Announces New Restrictions on Canada's Engagement with Iran," Foreign Affairs Canada, News release 86, May 17, 2005, [http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication\\_id=382566&Language=E&docnumber=86](http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication_id=382566&Language=E&docnumber=86) (accessed August 14, 2006).
147. Ibid.
148. Steven Edwards, "Iran Calls Ottawa Rights Abuser: Canada Set to Make UN motion Calling for Tehran Reforms," *National Post*, November 4, 2005 found at Lexis-Nexis (accessed November 21, 2007).
149. Cover of *Maclean's*, January 23, 2006. Ahmadinejad also appeared on the December 10, 2007 *Maclean's* cover under the headline "Is It Time to Bomb Iran?"
150. For background, see Luiza Ch. Savage, "A Most Unlikely Prisoner," *Maclean's*, June 12, 2006, 31-35.
151. Quoted in "Canada Questions Iran over Imprisoned Academic," *Toronto Star*, May 4, 2006 found at <http://www.thestar.com>.
152. Quoted in Steve Rennie, "Former U of T Prof Freed from Iran Jail," *Toronto Star*, August 31, 2006, found at <http://www.thestar.com>.
153. Chris Wattie, "Iran Eyes Badges for Jews: Law Would Require Non-Muslim Insignia," *National Post*, May 19, 2006, found at Lexis-Nexis (accessed December 22, 2007).
154. Quoted in "Iran Sends for Canadian Ambassador: Follows Harper's Remarks on Alleged Dress Code," *Montreal Gazette*, May 25, 2006.



155. Quoted in Graeme Hamilton, "MacKay Voices 'Disgust' with Iran's Human Rights Delegate: Kazemi Case Prosecutor," *National Post*, June 22, 2006 found at Lexis-Nexis (accessed September 1, 2006).
156. Quoted in Alexander Panetta, "Canada Seeks Arrest of Iranian Official. Saeed Mortazavi Implicated in the Torture and Killing of Canadian Photojournalist Zahra Kazemi," *Toronto Star*, June 23, 2006, found at <http://www.thestar.com>.
157. The UN General Assembly adopted the resolution on December 20, 2006.
158. Steven Edwards, "Cuba Helps Makes Things Chilly for Canada at UN: Human Rights Abuses: Joins Four Others in supporting Iran's Censure Call," *National Post*, November 24, 2006, found at Lexis-Nexis (accessed November 21, 2007).
159. "Iranian Foreign Minister Criticizes Canada for Human Rights Resolution," Iranian Fars News Agency, November 23, 2006, as supplied by BBC Worldwide Monitoring found at Lexis-Nexis (accessed December 22, 2007).
160. Olivia Ward, "Tehran Targets Canada's 'Den of Spies'" *Toronto Star*, November 30, 2006, found at Lexis-Nexis (accessed November 21, 2007).
161. Steven Edwards, "Canada's Censure of Iran at UN Squeaks by; Human Rights," *National Post*, November 21, 2007, found at Lexis-Nexis (accessed November 21, 2007).
162. Ibid.
163. Iran had not had an ambassador in Canada since 2004. The embassy was headed at the chargé d'affaires level.
164. Alan Freeman, "Tehran Defends Choice of Ambassadors," *Globe and Mail*, December 6, 2007, A13, found at Lexis-Nexis (accessed April 19, 2008). One name was put forth by Tehran in 2004 and rejected by Ottawa a few months later. The second name was presented in early 2007 to be rejected by the Canadian government in October 2007.
165. "Canadian Ambassador to Iran Expelled: Bernier," CTV, December 3, 2007, found at <http://www.ctv.ca>. (December 4, 2007).
166. "MacKay Says Iran Giving Weapons to Taliban," CBC, December 25, 2007, found at <http://www.cbc.ca>. (December 26, 2007).
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## Chapter Five

### **Australia, Canada and Iran's Nuclear Program**

In many respects, Australia and Canada were present at the creation of the current international standoff with Iran over its nuclear program. As countries with vast amounts of uranium deposits,<sup>1</sup> the Shah made overtures to both states in the mid-1970s regarding potential purchases of these materials. Ottawa was also approached by Tehran about selling nuclear reactors to the kingdom. Heightened concerns over India's May 1974 "peaceful" nuclear detonation as well as internal Australian and Canadian policy reviews delayed consideration of the sales until late 1977. By that time the weakening of the Shah's regime and its eventual fall effectively ended the negotiations. However, by virtue of their involvement in nonproliferation issues<sup>2</sup> as well as their designated seats on the Board of Governors of the International Atomic Energy Agency (IAEA),<sup>3</sup> Australia and Canada continued to be engaged over the issue, especially after the Islamic Republic revealed aspects of its previously secret, decades-long nuclear program after 2002. This renewed focus on Iran's nuclear activities has complicated the political and economic relationships which the Australians and Canadians had forged over the years as the international community struggles with ways to persuade Tehran not to develop nuclear weapons.

#### **The Quest for Nuclear Power under the Shah**

Iran signed the Nuclear Nonproliferation Treaty (NPT) on the day it was opened for signature in July 1968 and ratified the treaty in February 1970.

Two years later, it publicly announced its interest in obtaining nuclear power plants. Encouraged by the US and its European partners, the Shah outlined in 1974 an ambitious plan to build some 20 nuclear reactors within the next two decades. The objective was to meet future electricity needs estimated to be an additional 23,000 megawatts. To that end, Tehran created the Atomic Energy Organization of Iran (AEOI) and entered into an additional safeguards agreement with the IAEA. It also publicly disavowed any future interest in acquiring atomic weapons while approaching Washington, Paris and Bonn about the purchase of both reactors and nuclear fuel. By June 1974, Tehran had reached a preliminary agreement with France to supply five 1000 MWe reactors as well as a provisional understanding with the US regarding two reactors and enriched uranium. The actual details of both deals required further negotiations between the parties. By year's end, Iran had also inked a deal with the Federal Republic of Germany (FRG) for two light water reactors and was engaged in discussions with Paris about a joint uranium processing plant. While it was Iran's declaratory policy (and international obligation under the NPT) to forswear the development of nuclear weaponry, even at this time there was wariness in some circles about Iran's plans. On the one hand, the Shah had indicated it was in Iran's interest to create regional nuclear-free zones, yet a number of observers noted with concern the accelerated pace of Tehran's quest for nuclear independence, including a seeming desire to control all stages of the nuclear fuel cycle.<sup>4</sup>

### **Iran and Australia and the Nuclear Issue in the 1970s**

Given Australia's large supplies of uranium it is not surprising that nuclear matters would emerge as a key aspect in Canberra's bilateral relationship with Iran, particularly in the aftermath of the Shah's September 1974 visit and reciprocal trips made by senior Australian officials to Tehran. During this period, the monarch's government raised three principal issues: 1) the need for long-term uranium supply contracts; 2) the possibility of joint Australian-Iranian uranium mining and milling; and 3) the desire for details about Australian plans for enrichment and the possibility of joint efforts in this area.<sup>5</sup> The subject of long-term contracts was considered the most crucial to the Iranians. Dr. Akbar Etemad, Iran's Secretary for Atomic Energy, sought assurances from Ambassador Bowden on this front especially in light of October 1974 remarks made by Australian Minister for Minerals and

Energy Rex Conner. The Minister had seemingly prioritized uranium sales to countries with “limited access to energy resources,” specifically referencing “major trading partners” Japan, Italy and West Germany.<sup>6</sup> As the Ambassador reported, “Etemad mentioned that [the] Shah had been surprised at [the] apparent intention to discriminate between our customers on [the] basis of trading relationships or access to other energy resources which Iran had not done with its own energy resources.”<sup>7</sup> After conferring with Canberra, Bowden wrote in a letter to Etemad, “Australia looks on Iran as a valued trading partner with a legitimate interest in obtaining Australian uranium and nothing in the Minister’s statement runs counter to this. Nevertheless, Australia is not at present in a position to negotiate contracts for the supply of uranium to Iran or to any other country.”<sup>8</sup>

Two months after this exchange, Australian Deputy Prime Minister and Treasurer Jim Cairns traveled to Iran with other government officials. Among the communiqués issued during the Cairns visit was one dealing with uranium resources. According to Iranian and Australian press accounts, Canberra agreed to supply the mineral to Iran “under favorable conditions.”<sup>9</sup> However, a few days later, the Whitlam government appeared to backtrack on this statement by noting that while “nothing could yet be decided, Australia cannot ignore Iran’s needs for uranium.”<sup>10</sup> In summing up the Cairns’ and other high-profile Australian visits to Iran during this period, Ambassador Bowden reminded the Foreign Ministry that:

Iran’s interest in obtaining assured access to Australian uranium was made abundantly clear. The question was raised at every meeting from the audience with the Shah down...I consider it quite likely that Iran will seek to link progress in our trading and general economic relationship with our willingness to satisfy their needs in this area.<sup>11</sup>

At this time, Australia’s uranium export policy was undergoing a thorough review, formally called the Ranger Uranium Environmental Inquiry. During the review process which started in 1975, Canberra decided not to make any new uranium sales. While originally prompted by environmental aspects of uranium mining, the reassessment was also designed to address fears that Australian materials would be used for or diverted into nuclear weapons programs.

Iran continued to press the issue. It was discussed during the first meeting of the Joint Ministerial Committee (JMC) held in Tehran during August 1976. Both sides presented their now familiar positions with Australia

deferring any decisions about future sales until after the Ranger Inquiry was completed, although the Agreed Minutes for the JMC did indicate that “Iran would receive equally favourable treatment compared with any other country in respect of matters related to uranium development.”<sup>12</sup> As described in Chapter One, cabinet responsibility for the JMC had created tensions between Foreign Affairs and the Department of Overseas Trade, as the latter had been given control over the body. Foreign Affairs immediately took issue with the “equally favourable treatment” wording, indicating that it might pose problems in its negotiations with Iran. The Department suggested it could be interpreted to mean that Tehran would be treated no differently than Stockholm over nuclear safeguards despite the fact that Sweden was a politically stable country and considered more trustworthy in regard to their international obligations.<sup>13</sup> Foreign Minister Andrew Peacock articulated his concerns in a letter to Deputy Prime Minister and Minister for Overseas Trade J.D. Anthony who had represented Australia at the JMC. Pointedly calling the passage a “MFN-type (Most Favoured Nation) commitment,” Peacock underscored that such wording might “give rise to misunderstandings” and/or “constrain our freedom of action” in future negotiations.<sup>14</sup> He concluded the letter by suggesting that “we make it clear to Iran that the commitment in question was not intended to apply to safeguards” but rather only to the commercial side of any uranium sale.<sup>15</sup>

As this controversy boiled between the departments, the first part of the Ranger Inquiry was presented in October 1976. Upon reading it, Etimad told Bowden it was “an excellent report which was valuable not only to Australia but also to ‘the rest of us.’ The report had focused on issues of wide relevance which ‘will make us all think.’”<sup>16</sup> Bowden noted that Etimad was relaxed in expectation that discussions would begin soon between the two states, despite being cautioned by the Ambassador that nothing would occur until the second part of the Ranger Inquiry was delivered. Bowden also informed Canberra that another high-ranking Iranian economic official had warned him that “there would be no development of Australian trade with Iran until there was some movement on uranium.”<sup>17</sup> While the second report was issued in May 1977, it took the Fraser government until August 1977 to articulate publicly Australia’s new uranium policy based on the full report. In doing so, the Prime Minister told the House of Representatives:

The Government has taken its decision with a deep sense of international

responsibility...were it not for our wish to strengthen Australia's voice in the moves against the proliferation of nuclear weapons, were it not for our obligation to provide energy to an energy deficient world, we would not have decided to export uranium. Commercial considerations were not and are not the dominant motive in our decision...<sup>18</sup>

Under the terms of this nonproliferation policy, the purchaser not only needed to be a NPT signatory, but the country had to 1) consent to IAEA safeguards, 2) agree not transfer the materials to third parties without Canberra's prior approval and 3) pledge to keep the uranium physically secured. Australia insisted on its own safeguard agreement with each recipient state. In terms of Iran, once an agreement was in place Canberra envisioned selling the country about \$1.2 billion worth of uranium over a 15-year period.<sup>19</sup> Negotiations were well underway in 1978 on the bilateral pact as Iran's revolution commenced. The political turmoil coupled with the previous decline in oil revenues halted any agreement from coming to fruition.

### **Iran and Canada and the Nuclear Issue in the 1970s**

On January 7, 1972, External Affairs Minister Mitchell Sharp and Iranian Ambassador Mohamed Goodarzi signed an atomic energy agreement. The pact envisioned cooperation between the two states in the non-military uses of nuclear energy. Although it would not go into force until April 1973, there was a preliminary exchange of scientists and information. Ottawa was optimistic that the agreement might lead to the Iranian purchase of a research reactor and ultimately its Canadian Deuterium Uranium (CANDU) heavy-water power reactors.

The Iranian-Canadian accord was signed against the backdrop of Ottawa's unraveling nuclear relationship with New Delhi. India was the first of Canada's international customers having purchased a research reactor, two power reactors as well as fuel elements in three stages between 1956-1966. India's refusal to sign the NPT after 1968 and repeated statements by the government of Indira Gandhi that India might engage in "peaceful explosions" caused a great deal of policy trepidation in Ottawa given the Canadian origins of the Indian nuclear program. Thus, as Constance Hunt holds, "The bilateral agreement entered into with Iran...reflected the disenchantment with India's position. Article 1(2) specifically stated that the development and manufacture of an explosive device would not be regarded as a peaceful use."<sup>20</sup> Hunt also notes

that the treaty “upgraded conditions” by requiring a safeguard continuation over nuclear materials even after the termination of the agreement.<sup>21</sup> Once India detonated its “peaceful” explosion in May 1974, Ottawa’s policy regarding sales of nuclear technology and materials underwent a restructuring to further strengthen Canadian control.

During this time Canada was actively pursuing Iran as a nuclear customer. Minister of Energy, Mines and Resources Donald McDonald came to the country as news of the Iranian/French reactor deal was emerging in February 1974. His mission was to interest the Shah in Canadian reactors. Ambassador James George recalls that Canada had “the inside track” in 1974 to sell nuclear reactors to Iran.<sup>22</sup> Yet the Shah bristled over the tighter stipulations demanded by Ottawa, especially after India’s May 1974 test. He queried George at one point in the negotiations, “Why do you want me to jump so much higher than what the French are asking?”<sup>23</sup> In the end, the Shah’s initial purchases were with France and the FRG; however, Canada still hoped to tap into the Iranian market.

Canadian overtures – especially over the possible sale of uranium – did not escape the notice of the Australians, as was evident in their coverage of Canadian activity in diplomatic cables sent home to Canberra. In one such December 17, 1974 cable, Ambassador Bowden reported on a meeting he had with the Iranian Minister for Mines and Industry in which the recent visit to Canada by Prime Minister Hoveyda and Etemad emerged as a topic of conversation. As a result of this exchange with the Minister, Bowden wrote that “atomic energy figured prominently” in the Canadian-Iranian discussions and that Prime Minister Trudeau did not support exporting enriched uranium to the country but would cooperate with Iran in other areas, including atomic power stations.<sup>24</sup> A follow-up discussion with Ambassador George a week later confirmed that the capital investment involved in setting up processing plants would preclude selling enriched uranium to Iran, but that Canada might export uranium ore. However, George discounted the notion of atomic power station sales since Canada only produced heavy water reactors which were not of current interest to the Shah’s government.<sup>25</sup> Later in April, Bowden and George had an exchange about reports that Australia would sell uranium to Iran. Bowden informed him that press accounts were “misleading” and that Canberra “had not gone beyond discussion of possibilities.”<sup>26</sup> George informed his counterpart that Ottawa had decided against allowing Iran (with French participation) to build a nuclear enrichment plant in Quebec since this would be in direct competition with Canadian exports of non-enriched fuel.<sup>27</sup>



Ottawa's review of its nuclear policy took shape both unilaterally and within a multilateral context after 1974. Between 1975 and 1978, Canada joined the US, UK, USSR, France, West Germany and Japan in discussions over ways to advance the goals of nuclear nonproliferation, while promoting commercial development. One result was a new code of conduct for supplier states regarding the export of nuclear equipment, material and technology. The guidelines linked sales to IAEA safeguards and inspections of the purchaser's nuclear facilities.<sup>28</sup> By 1977, Ottawa had also further strengthened its own safeguards policy in terms of exports. Irritated by the delays as well as the new conditions imposed outside of the NPT confines, the Shah's attention turned to other sources for uranium, less encumbered by these international standards, such as South Africa. Ultimately, as with Australia, declining oil revenues curtailed the monarch's ambitious program and the revolution effectively stalled any burgeoning cooperation between Canada and Iran.

### **The Quest for Nuclear Power under the IRI**

After 1979, the country's new rulers halted construction on the existing power plants and closed down Iran's nuclear power program itself. What followed was a protracted legal, political and financial battle between Tehran, Paris and Bonn over broken contracts. Relations between the IRI and the Europeans were still strained when, due to severe electricity shortages, Tehran decided to resurrect its nuclear power program in the mid-1980's. As construction on the Bushehr reactor resumed, it became the focus of Iraqi military raids in 1984 and 1985. Following the first attack, Iran tried to have the issue brought before the IAEA Board of Governors (on which both Australia and Canada sit) and after the third strike, Iran sought Iraq's expulsion from the body. However, on at least three occasions, the Board denied Iran's requests claiming that military assaults on unfinished reactors were not part of its mandate. As one observer, noted in 1987, this prompted Tehran to increasingly regard the IAEA as part of a conspiracy against the IRI and even "that the Agency's behaviour actually encouraged repeated [Iraqi] attacks" on their nuclear facilities.<sup>29</sup> Unbeknownst to the outside world at the time, Iran had also embarked upon other aspects of a nuclear program, including moving toward uranium enrichment. These plans were kept hidden from the IAEA, the verification authority for the NPT.

## **Nonproliferation, Iran and the IAEA**

In mid-2002, reports began circulating of clandestine Iranian nuclear sites near Arak and Natanz which were potential facilities for heavy water production and uranium enrichment. Begrudgingly acknowledged by Tehran as centers designed to produce fuel for peaceful energy needs, these revelations raised international suspicions of nuclear weapons development and immediately attracted the attention of the IAEA. As IAEA Board of Governors members, allies to the US and Western European governments who would spearhead efforts and long-time champions of nuclear nonproliferation as well as uranium exporters, both Australia and Canada would soon find themselves central players in this unfolding drama.

Driving Western concern was the prospect of Iranian acquisition of nuclear weapons. Thus, at the outset, it is important to have an understanding of Australian and Canadian positions on these matters. Canberra's declaratory approach toward nonproliferation has been stated as follows:

While Australia strongly supports the right of all NPT members to benefit from the peaceful uses of nuclear energy, we view the further spread of nuclear technologies which could be diverted to weapon programs as potentially undermining NPT objectives. Like many states, Australia does not believe NPT members have an unqualified right to pursue the full nuclear fuel cycle, as this involves acquiring technologies which have applications beyond peaceful use and therefore proliferation sensitive.<sup>30</sup>

Ottawa's thinking is similar to the Australian viewpoint. It seeks to strike a balance, as provided for by the NPT, between states' rights to peaceful nuclear energy with their obligations to forswear the possession of nuclear arms or even acquire the technological potential to develop the said weapons. As one Canadian diplomat explained to his Iranian counterpart regarding the issue of the full nuclear cycle, Canada possesses nuclear power plants for electricity without feeling it necessary to have control over the complete supply cycle, thus erasing doubts about its nuclear weapons intentions. The Iranian official retorted that Canada can do this because it "has friends" willing to sell it needed materials. To which the Canadian diplomat replied, "Why do you think we have friends?"<sup>31</sup> Lastly, as uranium exporters, both Australia and Canada have "a common interest in ensuring that Iran's actions do not erode confidence in the nuclear non-proliferation regime upon which peaceful uranium trade depends."<sup>32</sup>

In February 2003, IAEA Director-General Mohamed ElBaradei traveled to Iran to visit the Natanz site and confer with government officials, including President Khatami. ElBaradei encouraged Tehran to sign the additional IAEA protocol that allowed for snap inspections of such premises. While the IAEA Director prepared his post-visit report for the Board of Governors, Australian and Canadian diplomats peppered Iranian representatives at other venues including a UN arms control conference in Geneva with pointed questions about their country's nuclear activities.<sup>33</sup> At the same gathering, the US lobbied IAEA Board members to find Iran in breach of the NPT. When the Board assembled in June, it concluded that Iran had failed to meet its NPT obligations but stopped short of declaring the IRI in violation of the treaty. A flurry of diplomatic activity ensued as ElBaradei as well as French, German and British officials (soon to be known as the EU-3) each sought to persuade Tehran to sign the additional protocol and become transparent in its nuclear efforts.

Among the visitors to Tehran during this period was Australia's Foreign Minister. Alexander Downer made the second trip of his ministry to the IRI in May 2003. This visit has been earlier described in Chapter Two, but it is worth recounting that the nuclear issue was high on the agenda in his conversations with Iranian officials. Downer told his hosts, "The international threshold on the proliferation of weapons of mass destruction has declined very much...as was witnessed by what happened with Iraq. It would be unacceptable if Iran was to move towards the establishment of a nuclear weapons capacity."<sup>34</sup> After Iranian officials assured him that the Republic had no interest in developing nuclear weapons, he urged cooperation with the IAEA as well as for Tehran to sign the additional safeguards protocol to the NPT Treaty as a way of reassuring the world of the IRI's "peaceful intentions."<sup>35</sup> Downer would later brief US Secretary of State Colin Powell on these talks.<sup>36</sup> This would not be the last time during the international nuclear standoff with Iran that Canberra would exchange information with Washington following encounters with Iranian officials.

At the Board of Governors' September 2003 meetings, Ottawa joined Washington in arguing that Iran was in breach of the treaty and that the matter should now be referred to the UN Security Council, which had the power to levy sanctions against Iran. In rejecting the IRI's claims of peaceful intentions, Canadian Ambassador Ingrid Hall stated, "The nature of Iran's nuclear program coupled with its evasiveness, only makes sense in the context of nuclear weapons ambitions."<sup>37</sup> It is important to remember that at this time

the Zahra Kazemi case had soured relations between Tehran and Ottawa. The Canadian government was also spearheading efforts at the UN to condemn Iranian human rights violations. So it is not surprising that early on Ottawa assumed a tough stance on the nuclear issue.

In the end, Canada, along with Australia and Japan, co-sponsored a resolution that bridged the hard-line US position with that of the EU-3, who were requesting additional time for Iran to clarify ambiguities about its nuclear plans. This resolution passed with an October 31 deadline established for Iran's response. While Iranian delegate Ali Akbar Salehi was critical of all three co-sponsors (stating that their resolution mirrored the "language and venom" of the US position), he singled out Canada for special admonishment.<sup>38</sup> "What surprises us is to see some others, such as Canada, which is known for its principled stance on international issues, to stain its credibility," stated Salehi. "Gone is the sense of balance that depicts logic and wisdom."<sup>39</sup> Nor did the stand adopted by the resolution's co-sponsors go unnoticed back in Tehran. There, influential circles demanded the expulsion of the Japanese, Australian and Canadian ambassadors.<sup>40</sup> Interestingly, Ottawa had already recalled its envoy, Philip MacKinnon, in July over the Kazemi case. The ambassador actually returned to Tehran at the very point others were advocating his eviction. In announcing MacKinnon's re-posting, Foreign Minister Graham referenced the "tense international situation" surrounding the nuclear issue and stated that the envoy's return signaled how seriously Ottawa viewed this matter.<sup>41</sup>

The IAEA Board convened again in November to assess the situation. While prior to the meeting, Iran had indicated a willingness to sign the additional NPT protocol, suspend uranium enrichment related activities and provide more openness in its dealings with the IAEA, many more details of its decade and a half of secret nuclear activities, including extensive collaboration with Pakistan, had come to light in the interim. Given these revelations, the US, along with Canada and Australia, pushed for a vote to formally censure Iran and refer the matter to the Security Council.<sup>42</sup> However, the EU-3 view prevailed. Their resolution, which passed unanimously, condemned past Iranian actions but also emphasized Iran's more recent cooperation, including pledges of transparency. Ultimately Ottawa and Canberra supported the European efforts and called on Tehran to restore international confidence in its nuclear activities through concrete action. On December 18, Iran took a step in this direction when Ambassador Salehi and ElBaradei signed the additional protocol giving the IAEA greater access in verifying Iran's compliance.

Iran's assurances of full disclosure were soon called into question when IAEA inspectors discovered previously unreported P-2 centrifuge designs which could be used to enrich weapons-grade uranium. ElBaradei characterized the centrifuge discovery as a "setback"; however, he urged negotiations to continue. Throughout much of 2004, Washington, joined by Ottawa and Canberra,<sup>43</sup> pressed for tougher action against Iran. Foreign Minister Pettigrew declared that Canada and the US would "work as partners" on Iran. "We are very preoccupied by the nuclear proliferation. And we are not pleased at all with the way the Iranians are conducting this level of nuclear proliferation," he stated.<sup>44</sup> By the September IAEA Board meeting (and the election of Canadian Ambassador Hall as its Chair for 2004-2005),<sup>45</sup> the US pushed once again for a deadline that would automatically trigger reference of the matter to the Security Council if Iran did not meet certain conditions. However, with Australia and Canada again brokering a compromise, the EU-3 and ElBaradei's strategy of constructive engagement with Iran was ultimately backed by the IAEA Governors. The compromise resolution demanded that Tehran cease all enrichment activities and offer a complete nuclear history. It also called for the IAEA Board to decide on further action when it convened again in November.

Prior to this November meeting, the EU-3 struck an agreement with Iran. In exchange for an Iranian suspension of all enrichment related and reprocessing activities, the Europeans guaranteed nuclear, technological and economic cooperation with the Republic. When the IAEA Board met, it recognized this development and welcomed Iran's further cooperation with the IAEA. At the time a more skeptical Downer observed, "The agreement goes some way towards restoring the global community's confidence that Iran's nuclear power program will be used for exclusively peaceful purposes."<sup>46</sup> Although by February 2005, the Australian Foreign Minister was more enthusiastically stating, "I think we all need to get behind the EU-3 initiative on Iran. I think that's been a thoughtful and a sensible and peaceful contribution to solving the problem of Iran's emerging nuclear program."<sup>47</sup> Canada also initially offered "guarded support" for the arrangement. "This is a final opportunity for Iran to begin the process of restoring international confidence in its nuclear program," Pettigrew asserted. "Iran must cease all uranium-enrichment and other proliferation-sensitive activities and sustain this suspension in a comprehensive and transparent manner. If it does not do so, Canada will urge the IAEA to take immediate action and to report Iran's non-compliance to the United Nations Security Council."<sup>48</sup>

American frustration at the IAEA policy toward Iran – especially in ElBaradei’s leadership<sup>49</sup> – was clearly evident during this process. Publicly the US called for him to step aside at the end of his second term in 2005. Behind the scenes, Washington launched a concerted campaign for the Director-General’s ouster. *The Washington Post* reported that the Bush Administration had intercepted ElBaradei’s phone calls with Iranian officials in an effort to find damaging information.<sup>50</sup> The State Department also began looking for a replacement candidate who would be more supportive of US views.

Downer topped the American list.<sup>51</sup> However, despite whatever private interest that the Australian Foreign Minister might have had in the American proposal, he was unwilling to challenge ElBaradei publicly.<sup>52</sup> Absent an alternative candidate, ElBaradei was re-elected to a third term.<sup>53</sup> At this juncture, Washington also began to step up its rhetoric. President Bush, in stating that all options remained on the table, raised the possibility of US military action against Iran if it was not forthcoming about its activities, while Vice-President Cheney warned of possible preemptive Israeli strikes if Tel Aviv was convinced that Iran was on the verge of going nuclear.

Against this backdrop, the Director-General’s early 2005 observations that the IAEA inspectors were making “good progress” in Iran soon gave way to grave concern as the IRI made moves to resume uranium conversion. The Board of Governors adopted a consensus resolution at a special August meeting called by the EU-3. In it they urged Iran to re-suspend all enrichment related activities and reinstate the IAEA seals that were removed at the Isfahan uranium conversion facility. Iran’s actions prompted the Board in September to find Iran in noncompliance with the NPT. The contentious resolution passed with 21 “yes” votes (among them Australia, Canada the EU-3 and the US), 12 “abstentions” (including Russia and China) and Venezuela the lone state voting “no.” The resolution’s passage established grounds for referral of the matter to the UN Security Council; however, the Board delayed this consideration and called on Tehran to return to the bargaining table. Both Australia<sup>54</sup> and Canada issued statements calling on Iran to be reported immediately to the UN Security Council. Pettigrew perhaps best summed up this position when in welcoming the resolution of non-compliance he declared:

This action is long overdue and should have been taken two years ago when Iran’s non-compliance was first clearly established by the IAEA. It represents confirmation that Iran has not been acting in accordance with its safeguards obligations under the Nuclear Non-Proliferation Treaty. It also justi-

fies the serious concerns that have been expressed by Canada and many other countries about the nature of Iran's nuclear activities...Given these findings, I am disappointed that the members of the Board of Governors of the IAEA did not decide to report Iran's non-compliance immediately to the United Nations Security Council...To delay such a report risks harming the credibility of the IAEA and the multilateral non-proliferation, arms control and disarmament regime, of which the IAEA is a key component. Canada remains of the view that reporting the matter to the Security Council is a necessary step toward reaching a satisfactory long-term solution.<sup>55</sup>

Earlier, the Canadian Foreign Minister tied Iranian behavior on the nuclear issue to its human rights record, including the murder of Kazemi. In highlighting the deception emanating from Iran, Pettigrew acknowledge that while, "these are separate things...they both reflect pretty nasty habits" on the part of the Iranian government.<sup>56</sup>

In November, despite Canadian and Australian efforts to the contrary, the Board again postponed referring the matter to the UN. Instead it honored an EU request for additional time to explore the modalities of a joint Russian-Iranian enrichment agreement. However, after Iran informed the IAEA in early January that it would resume research and development of its nuclear program and remove the seals on enrichment equipment at the Natanz site, the Board decided to hold an extraordinary session in February 2006. In condemning Iran's provocative actions, Downer said, "Our concerns about Iran's nuclear activities have been brought into sharp focus by the Iranian President's recent anti-Israeli comments."<sup>57</sup> The Canadian government emphasized that "the involvement of the UNSC is now necessary in order to reinforce the authority of the IAEA and the credibility of the multilateral nuclear non-proliferation system, and to help facilitate a diplomatic solution, to which Canada remains committed."<sup>58</sup>

## **Nonproliferation, Iran and the UN Security Council**

On February 4, 2006, the IAEA Board overwhelmingly passed a resolution requesting that ElBaradei report the matter to the UN Security Council. In doing so, the Board transferred control of the Iran dossier and with it, the direct involvement that Australia and Canada previously shared in shaping IAEA policy.<sup>59</sup> Since neither state had even a rotating seat on the Security Council at this point, the Permanent Five plus Germany would now take the lead on devising the international response to Iran's nuclear activities. As the US pushed sanctions at the UN, the new Conservative government



in Ottawa expressed support for these efforts. “It may not be the preferred option,” said Foreign Minister Peter MacKay, “but there aren’t a lot of other options right now.”<sup>60</sup> While the Australians at this time held that it was premature to consider trade sanctions, Canberra did throw its support behind financial sanctions.<sup>61</sup> Both states backed UNSC Resolution 1696 passed on July 31 which demanded that Iran suspend uranium enrichment activities or face possible sanctions by August 31. Downer met individually with both his American and Iranian counterparts at the UN following the deadline’s expiration. Asked at a press conference about Australia imposing trade sanctions, he responded:

We wouldn’t do that on our own. There is an issue here about whether if this negotiating process...collapses, what next? And I think the obviously most desirable path forward would be for the Security Council to impose some reasonably robust sanctions which would particularly, I suspect, focus on financial sanctions. If the Security Council failed to reach agreement there might be a resort to some sort of coalition of the willing on financial sanctions and, as I said a couple of days ago, Australia would be prepared to consider participating.<sup>62</sup>

It is important to underscore that Downer was addressing the matter of financial and not trade sanctions, which have historically sparked controversy within Australia’s agriculture sector. Additionally, since Australia does not have a major financial center equal to London or Frankfurt, while there would be some economic disruption if financial sanctions were applied, it would not be on same level as in these European states.

As disagreement ensued in the Security Council over the wording of a new resolution, the US began pushing its allies to impose defacto financial sanctions outside of the UN framework. Washington started targeting Iranian banks with the US Treasury Department preventing American financial institutions from engaging in dollar transactions with them. The Bush Administration secured a pledge from G-7 Finance Ministers (including Canada) to “intensify [their] efforts to combat money laundering, proliferation network[s], as well as terrorist and illicit financing by addressing global financial vulnerabilities” with Iran.<sup>63</sup> The goal, according to a US Treasury official, was that “as banks do their risk-reward analysis, they must now take into account the very serious risk of doing business in Iran, and what the risks would be if they were found to be part of a terrorist or proliferation transaction.”<sup>64</sup>

Meanwhile, the Security Council was able to unanimously pass a watered down resolution (1737) on December 23, 2006 which prohibited the sale of dual-



use items to Iran, meaning that they could potentially be used in enrichment related or reprocessing activities or the development of weapons delivery systems. It also froze assets of persons associated with aspects of Iran's nuclear programs.<sup>65</sup> The US continued to concurrently press its allies on the financial front. "We don't want to put all our eggs in the UN basket," declared US Undersecretary of State R. Nicholas Burns.<sup>66</sup>

Following a February 2007 IAEA report which stated that Tehran had made no effort to comply with UNSC Resolution 1737, the Council unanimously imposed additional sanctions on March 24 (1747). These new measures included a full embargo on arms transfers from Iran, limits on arms sales to Iran as well as an expanded list of entities and individuals subject to financial measures including specific Iranian banks and the Revolutionary Guard.<sup>67</sup> Australia and Canada fully endorsed these actions.

American frustration with the slow pace of international action regarding Iran was on display in a series of unilateral moves in 2007. Rhetoric by high-ranking American officials seemed to indicate once again that serious consequences (read military action) might be in the offing. "If you're interested in avoiding World War III," Bush told a news conference, "It seems like you ought to be interested in preventing [Iran] from having the knowledge necessary to make a nuclear weapon."<sup>68</sup> Washington's allies were repeatedly pressed by their domestic constituencies to state their positions regarding these US pronouncements. For example, Prime Minister Howard (in the midst of an election campaign) felt it necessary to declare, "We in Australia believe that Iran's challenges and Iran's transgressions should be dealt with diplomatically. We're not looking at pre-emptive strikes, we're not encouraging pre-emptive strikes, we're against them and we want diplomacy to continue."<sup>69</sup> His opponent, Kevin Rudd, also underscored the importance of diplomacy:

The NPT is under big threat at the moment...This requires a massive injection of diplomatic and political effort by responsible middle powers. I don't believe we can just give up the ghost on the NPT. I'm acutely conscious of its failings and deficiencies, but it's a bit like Churchill's description of democracy. It's the worst system of international governance in nuclear matters except for all the others.<sup>70</sup>

Rudd stressed that if Iran "breaks out" of the NPT other Middle Eastern countries will seek nuclear weapons, leading to greater global instability. While acknowledging that "it's very difficult to have business as usual" with Tehran, the Labor leader stated, "The diplomatic community, with full participation

by Australia, needs to maximize every form of diplomatic leverage against the Iranians to bring them to the negotiating table.”<sup>71</sup>

Later, in October 2007, Washington announced new financial restrictions against three of Iran’s largest state-owned banks and labeled key branches of Iran’s military, including the Revolutionary Guards, as “proliferators of weapons of mass destruction.” In proclaiming these restrictions, Treasury Secretary Henry Paulson emphasized, “It is increasingly likely that if you are doing business with Iran, you are doing business with [the Revolutionary Guards].”<sup>72</sup>

Australia and Canada took a wait and see attitude. As Downer noted:

I think the European Union, Japan and us as well...will wait for a little while and see whether there’s going to be any further progress in negotiations with the Iranians particularly involving the [IAEA]. My guess is that if their enrichment program isn’t suspended sometime fairly soon, as it’s meant to be, then you will see a lot of countries introducing different types of measures and sanctions against Iran.<sup>73</sup>

In Canada, a DFAIT spokesman, responding to the just-declared American policy, explained that Ottawa already had limited its relations with Tehran and would fully implement any sanctions authorized by the UN Security Council.<sup>74</sup> He said, “Canada has not designated the Islamic Revolutionary Guards group as a terrorist group.”<sup>75</sup>

The US strategy regarding Iran was somewhat up-ended in December 2007 with the release of a National Intelligence Estimate (NIE) that stated with “high confidence” Iran’s abandonment of its military nuclear program four years previously. The NIE (a consensus of all 16 US intelligence agencies) while suggesting that the weapons design program had been abandoned in 2003, did not ease concerns over Iran’s plans for uranium enrichment or its development of delivery systems which coupled together could again be made into a weapons program. What the NIE did do, however, was weaken the US case against Iran in international circles and undermine arguments for urgent military action against the IRI. Yet the NIE and subsequent US presentations at the IAEA did shed additional light on earlier Iranian military activities in the nuclear realm – long denied by Tehran.

## **Conclusion**

Australian and Canadian officials have repeatedly made it known that their countries are in complete agreement with the IAEA designation of Iran

as a “special verification case” because of its history of past concealment. In their view, Tehran has a long distance to go to restore international confidence that its programs are solely for peaceful purposes. Ottawa and Canberra have joined the calls for Tehran to commit to a full and verifiable suspension of all enrichment activities and cooperate with the IAEA. They are on record as supporting major international efforts such as the 2005 EU-3 proposals, Russia’s offer of a joint uranium facility and the P5 plus Germany incentives packages.<sup>76</sup> Iran’s refusal to accept what Canada and Australia both have deemed to be reasonable efforts has added to their collective doubts as to Iran’s seriousness about a negotiated resolution.

It is also clear that the nuclear issue has had a significant chilling effect on their respective bilateral relationships with Iran. In the 2000–2002 period, both states enjoyed exceptionally good political and economic ties with Iran despite US efforts to classify the IRI as part of the “axis of evil.” Since revelations of Iran’s secret nuclear program emerged in late 2002, each relationship has suffered. This downturn can be seen most acutely in the trade realm. While other factors have contributed to the decrease in exports (most notably the Kazemi case for Canada and the long drought in Australia, which reduced its wheat yield) multilateral and US unilateral sanctions coupled with the prevailing international tensions surrounding Iran’s nuclear program have taken their toll on the bilateral relationships. Ultimately, however strained the Australian and Canadian ties with Tehran become, the two states seek to engage Iran rather than sever all economic and/or political contacts with the Islamic Republic.

## **Endnotes**

1. Australia has about 25 percent of the world’s known recoverable uranium deposits. Number two on the list is Kazakhstan at 17 percent with Canada following with 10 percent. While Australia has the largest amount of low-cost uranium, the bulk of Canada’s deposits are considered to be of a much higher grade of uranium than either Australia or Kazakhstan.
2. The very first resolution passed by the UN General Assembly in January 1946 created the UN Atomic Energy Commission. Its initial members consisted of the countries on the UN Security Council (Australia held a rotating seat between 1946–47) plus Canada. Australian Minister of External Affairs H.V. Evatt served as its first chair. Today, in addition to being parties to the Nuclear Non-Proliferation Treaty (NPT), Australia and Canada share common memberships in

- numerous non proliferation groupings including: 1) the Zangger Committee; 2) the Nuclear Suppliers Group; 3) the Australia Group; 4) the Missile Technology Control Regime; 5) the Wassenaar Arrangement and 6) the Proliferation Security Initiative. For more on the specific mandates of these groupings, see Government of the Commonwealth of Australia, Department of Foreign Affairs and Trade, *Weapons of Mass Destruction: Australia's Role in Fighting Proliferation- Practical Responses to New Challenges*, 2005, <http://www.dfat.gov.au/publications/wmd>: 66-69; 75-78 (accessed March 25, 2007).
3. Since the IAEA's inception in 1957, both states have served uninterrupted terms as members of that body's 35-member Board of Governors. They hold designated seats which are not subject to election. The Board is the main executive organ of the IAEA.
  4. See, for example, Anne Hessing Cahn, "Determinants of the Nuclear Option: The Case of Iran," in *Nuclear Proliferation and the Near-Nuclear Countries*, eds. Onkar Marwah and Ann Schulz (Cambridge, MA: Ballinger Publishing Company, 1975), 185-204. However, Akbar Etemad, who was the first head of the AEOI between 1974-78, discounts this notion. Etemad writes, "The structure of the Iranian nuclear programme and various options taken (the large size of the programme, the selection of light water reactors versus heavy water reactors, and the heavy involvement in foreign ventures like Eurodif for fuel supply) during the implementation of the programme are strong indications that Iran under the Shah did not intend to embark on a military nuclear programme." [Akbar Etemad, "Iran" in *A European Non-Proliferation Policy: Prospects and Problems*, ed. Harald Muller (Oxford: Clarendon Press, 1987), 213.]
  5. Australian National Archives, Iran Uranium and Nuclear Energy A9637/2, 221/4/3/8/1, Outward Cablegram TN 1110 from Ambassador I.G. Bowden to Canberra, January 13, 1975.
  6. Australian National Archives, Iran Uranium and Nuclear Energy A9637/2, 221/4/3/8/1, Outward Cablegram TN 1142 from Bowden to Canberra, January 20, 1975.
  7. Ibid.
  8. Australian National Archives, Iran Uranium and Nuclear Energy A9637/2, 221/4/3/8/1, Letter from Bowden to Etemad, January 27, 1975.
  9. Press clippings from *Ayandegan*, *Kayhan International* and *Canberra Times* (March 20-21, 1975) found in Australian National Archives, Iran Uranium and Nuclear Energy A9637/2, 221/4/3/8/1.
  10. Frank Cranston, "Uranium Sale Qualified," *Canberra Times* clipping of March 26, 1975, found in Australian National Archives, Iran Uranium and Nuclear Energy A9637/2, 221/4/3/8/1.

11. Australian National Archives, Tehran Visit of Governor General to Iran 26/02/1975-26/05/1977, A9637/3,221/4/7/8-2, Dispatch from Bowden to Foreign Minister Willesee, March 26, 1975.
12. Agreed Minutes of the First Session of the Iran/Australia Joint Ministerial Commission, 7.
13. See Max Suich, "Anthony's Prospects in Iran Looks like Turning Sour," *The National Times*, August 30-September 4, 1976, 14.
14. Australian National Archives, Iran Uranium and Nuclear Energy A9637/2, 221/4/3/8/1, Letter from Foreign Minister Andrew Peacock to Deputy Prime Minister and Minister for National Resources J.D. Anthony, September 17, 1976.
15. Ibid.
16. Australian National Archives, Iran Uranium and Nuclear Energy A9637/2, 221/4/3/8/1, Confidential memo from Bowden to Acting First Secretary J.C. Humphreys, DFA, December 1, 1976.
17. Ibid.
18. Statement by the Prime Minister (J.M. Fraser) to the House of Representatives on August 25, 1977 in *Australian Trade Policy 1965-1997: A Documentary History*, by Richard Snape, Lisa Gropp and Tas Luttrell (St. Leonards, NSW: Allen & Unwin, 1998), 205.
19. Albinksi (1979), 16.
20. Constance D. Hunt, "Canadian Policy and The Export of Nuclear Energy," *University of Toronto Law Journal* 27, no. 1 (1977): 82.
21. Ibid., 83.
22. Interview with Ambassador George.
23. Ibid.
24. Australian National Archives, Iran Uranium and Nuclear Energy A9637/2, 221/4/3/8/1, Uranium, Bowden to the Secretary DFA, December 17, 1974.
25. Australian National Archives, Iran Uranium and Nuclear Energy A9637/2, 221/4/3/8/1, Canada and Iran: Uranium, Bowden to the Secretary DFA, December 24, 1974.
26. Australian National Archives, Iran Uranium and Nuclear Energy A9637/2, 221/4/3/8/1, Canada and Iran: Uranium, Bowden to the Secretary DFA, April 6, 1975.
27. Ibid.
28. "Seven Nations Agree on a Nuclear Code," *Business Week*, February 16, 1976, 28 found at Lexis-Nexis (accessed June 11, 2007).

29. Etemad, 225. During the NPT Review Conference later in 1985, Tehran raised the matter once again insisting it be discussed. As Etemad observes, "Predictably, Iraq objected, and a difficult night-session ensued until the Australian delegate succeeded in persuading the Iranian delegation to withdraw its proposal from the final document, and to submit it rather as an appendix to the Conference's documentation."
30. Government of the Commonwealth of Australia, Department of Foreign Affairs and Trade, *Weapons of Mass Destruction: Australia's Role in Fighting Proliferation-Practical Responses to New Challenges*, 2005, <http://www.dfat.gov.au/publications/wmd>, 11. (accessed March 25, 2007).
31. Confidential interview.
32. Confidential interview.
33. See Jeff Sallot, "Iran's Nuclear Program Draws Canadian Concern," *Globe and Mail*, May 10, 2003, A14 and Janaki Kremmer, "Australia Gets Tough on Security," *Christian Science Monitor*, June 2, 2003, 7 found at Lexis-Nexis (accessed April 14, 2007).
34. Quoted in "Australia's Downer Grills Iran over Nukes, Al-Qaeda, Iraq," Agence France Presse, May 25, 2003, found at Lexis-Nexis (accessed April 13, 2007).
35. "Australian Foreign Minister to Visit Iran" (May 26, 2003) [http://www.foreignminister.gov.au/releases/2003/fa053\\_03.html](http://www.foreignminister.gov.au/releases/2003/fa053_03.html) (accessed August 21, 2007)
36. "Questions without Notice" (May 28, 2003) [http://dfat.gov.au/qwon/2003/qwn\\_030528b.html](http://dfat.gov.au/qwon/2003/qwn_030528b.html). (accessed April 18, 2007)
37. Quoted in Tom Philip, "Iran Dismisses Canada's Fears of Nuclear Plans," *National Post*, September 11, 2003, A13 found at Lexis-Nexis (accessed November 23, 2007).
38. Quoted in Jeff Sallot, "Iran Blasts Canada over Weapons Resolution," *Globe and Mail*, September 13, 2003, A14 found at Lexis-Nexis (accessed November 23, 2007).
39. Ibid.
40. "Iran: Newspaper Chief Calls for Expulsion of Envoys of Japan, Canada and Australia," IRNA, September 13, 2003, as reported by the British Broadcasting Corporation Monitoring found at Lexis-Nexis (accessed April 13, 2007).
41. Jeff Sallot, "Canada to Return Ambassador to Tehran," *Globe and Mail*, September 30, 2003, A8 found at Lexis-Nexis (accessed November 23, 2007).
42. David Sanger, "Nuclear Board Said to Rebuff Bush over Iran," *New York Times*, November 20, 2003, A1 found at Lexis-Nexis (accessed November 23, 2007).

43. IAEA inspectors at this time uncovered that an Australian mass spectrometer exported to Iran in 2001 for use in cancer diagnosis had been used instead to test enriched uranium samples. Canberra demanded the return of the measuring device unless Tehran would guarantee its permanent placement in a health center and provide assurances to the IAEA that this breach would not occur again. Foreign Minister Downer told Parliament, "We welcome Iran's cooperation and hope that the fact we have made this public will ensure such activities do not occur again in the future." [Quoted in John Kerin, "Canberra Wants Iran to Return Nuke Gear," *The Australian*, March 11, 2004, 1 found at Lexis-Nexis (accessed April 13, 2007).
44. Quoted in Mike Blanchfield, August 14, 2004, "Pettigrew Attacks Iran's Nuclear Ambitions," *Montreal Gazette*, August 14, 2004, A12 found at Lexis-Nexis (accessed November 23, 2007).
45. Partly due to Hall's election as Chair, Ottawa decided to return an ambassador to Tehran to replace MacKinnon who was recalled for a second time in July 2004. In announcing the appointment of Gordon Venner on November 23, Pettigrew noted that "it is important to resume our full diplomatic presence in Iran at this juncture" since Venner would "be responsible for representing Canada's views on Iran's nuclear program at a time when Canada chairs the Board of Governors." See "Canada Appoints Ambassador to Iran," Foreign Affairs Canada, News Release 133, November 23, 2004, [http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication\\_id=381798&Language=E&docnumber=133](http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication_id=381798&Language=E&docnumber=133). (accessed August 14, 2006).
46. Department of Foreign Affairs and Trade (November 16, 2004) "Iran Agreement to Suspend Nuclear Enrichment," [http://www.foreignminister.gov.au/releases/2004/fa154\\_04.html](http://www.foreignminister.gov.au/releases/2004/fa154_04.html). (accessed May 3, 2008). Australia was willing to back the EU-3 efforts. When Prime Minister Howard met with Iranian Foreign Minister Kharrazi at the World Economic Forum in Davos, he said "I think the lead role should be taken by the three European countries. I am hopeful those three countries can bring about a result we all find acceptable." Quoted in Paul Mulvey, "Howard Talks Trade with Iran," Australian Associated Press Newsfeed, January 29, 2005, found at Lexis-Nexis (accessed April 13, 2007). Howard also shared with Washington observations of his meeting with Kharrazi. He told Australia's Nine Network, "I was able to talk at some length with President Bush about the substance of my discussion with the Iranian foreign minister." See Australian Associated Press Newsfeed (February 6, 2005) "Howard Says He's Able to Inform Bush of Iran's View," found at Lexis-Nexis (accessed April 13, 2007).



47. Department of Foreign Affairs and Trade, "Joint Press Conference with Luxembourg Foreign Minister," February 3, 2005, [http://www.foreignminister.gov.au/transcripts/2005/050203\\_joint\\_press\\_conf\\_luxembourg.html](http://www.foreignminister.gov.au/transcripts/2005/050203_joint_press_conf_luxembourg.html). (accessed March 25, 2007)
48. Foreign Affairs Canada, "Canada Supports Resolution on Iran's Nuclear Program," November 29, 2004, [http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication\\_id=381830&Language=E&docnumber=142](http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication_id=381830&Language=E&docnumber=142) (accessed May 3, 2008)
49. ElBaradei had also angered the Bush Administration in regard to his views about WMDs in Iraq in the lead-up to the war.
50. See Dafna Linzer, "IAEA Leader's Phone Tapped," *Washington Post*, December 12, 2004, A1.
51. Ibid.
52. See Greg Jennett, "Downer Maintains his Silence on UN Job," ABC, December 13, 2004, <http://www.abc.net.au/worldtoday/content/2004/s1264047.htm> (accessed April 15, 2007) and Marian Wilkinson, "The Coup that Never Came Off," *Sydney Morning Herald*, December 17, 2004, <http://www.smh.com.au/articles/2004/12/16/1102787210175.html>. (accessed April 15, 2007).
53. Perhaps in a further rebuke to the Bush Administration, ElBaradei and the IAEA were named as the co-recipients of the 2005 Nobel Peace Prize.
54. For Downer's statement, see "Aust Adds Voice to UN Action over Iran's Atomic Program," Australian Associated Press Newsfeed, September 21, 2005, found at Lexis-Nexis (accessed April 13, 2007).
55. Foreign Affairs Canada, "Minister Pettigrew Welcomes IAEA Action on Iran," September 24, 2005, [http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication\\_id=383092&Language=E&docnumber=170](http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication_id=383092&Language=E&docnumber=170) (accessed May 3, 2008).
56. Quoted in Mike Blanchfield, "Iran Can't be Trusted: Pettigrew: Nuclear Energy Standoff," *National Post*, September 12, 2005, A4 found in Lexis-Nexis (accessed November 21, 2007).
57. Quoted in "Australia 'Extremely Disappointed' by Iran Move," Agence France Presse, January 11, 2006, found at Lexis-Nexis (accessed April 13, 2007).
58. Government of Canada, "Canada Expresses Serious Concern about Iran's Resumption of Uranium Enrichment-Related Activities," January 12, 2006, [http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication\\_id=383597&Language=E&docnumber=3](http://w01.international.gc.ca/minpub/Publication.aspx?isRedirect=True&publication_id=383597&Language=E&docnumber=3) (accessed May 3, 2008).
59. The IAEA itself was still intimately involved in inspections and ElBaradei would regularly brief the Board as well as the Security Council on the nature of



- Iranian compliance to various resolutions and treaty obligations. However, Board involvement in shaping the international response had shifted to the Security Council. In the one instance of a Board vote tied to Iran's nuclear activities, it voted to suspend 22 of its 55 nuclear technical aid projects to the IRI in March 2007. This was direct result of the provisions found in UNSC 1737 of December 2006. The only other states which ever faced such IAEA actions were North Korea and Iraq.
60. Quoted in Tim Harper, "MacKay Talks Tough on Iran," *Toronto Star*, April 12, 2006, A14 found at Lexis-Nexis (accessed September 1, 2006).
  61. "Australia's UN Ambassador Cautions against Iran Sanctions," ABC, May 3, 2006, <http://www.abc.net.au/am/content/2006/s1629366.htm>. (accessed May 18, 2006). See also Greg Sheridan, "PM, Bush Talk Iran Sanctions," *The Australian*, May 17, 2006, 1 found at Lexis-Nexis (accessed March 5, 2007).
  62. Alexander Downer, "Post United Nations General Assembly Press Conference," September 22, 2006, [http://www.foreignminister.gov.au/transcripts/2006/060922\\_unga.html](http://www.foreignminister.gov.au/transcripts/2006/060922_unga.html). (accessed April 18, 2007). Downer was also asked by reporters if he shared his impressions of the Iranian meeting with Secretary of State Rice. He coyly replied, "I discussed all sorts of things with her last night." (Ibid).
  63. Peter Goodman, "Treasury Warns G-7 about Iran," *Washington Post*, September 17, 2006, A23.
  64. Quoted in David Ignatius, "US Sanctions With Teeth," *Washington Post*, February 28, 2007, A19. See also Robin Wright, "Iran Feels Pinch as Major Banks Curtail Business," *Washington Post*, March 26, 2007, A10.
  65. When the IAEA designated inspectors to go to Iran as a result of this resolution, Canadians were among those from five countries not accepted by Iran. (Confidential interview).
  66. Quoted in Colum Lynch, "Sanctions on Iran Approved by UN," *Washington Post*, December 24, 2006, A1.
  67. The heightened banking regulations included increased scrutiny over all financial transactions involving Iran. A number of private citizens were adversely caught up in these rules especially if funds were originating in Iran. See "UN Sanctions Derail Money Transfer for Montreal-Iranian Family," CBC, May 3, 2007, <http://www.cbc.ca>. (accessed May 3, 2007).
  68. Quoted in Peter Baker, "Bush's War Rhetoric Reveals the Anxiety That Iran Commands," *Washington Post*, October 19, 2007, A5.
  69. Quoted in "PM against Iran Strikes," ABC News, October 24, 2007, <http://www.abc.net.au> (accessed October 27, 2007).

70. Quoted in Greg Sheridan, "Rudd the Rationalist," *The Australian*, September 22, 2007, <http://www.theaustralian.news.com/au>. (accessed September 23, 2007).
71. *Ibid.*
72. Quoted in Nasser Karimi, "Iran Brushes off New US Sanctions," *Globe and Mail*, October 26, 2007, <http://www.theglobeandmail.com> (accessed October 27, 2007).
73. Quoted in "Iran Tensions," Sky News, October 27, 2007, <http://www2.skynews.com.au/news/article.aspx?id=197292>. (accessed October 27, 2007).
74. Quoted in Paul Koring, "Washington Ups the Ante with Sanctions on Tehran," *Globe and Mail*, October 26, 2007, <http://www.theglobeandmail.com>.(accessed October 29, 2007).
75. *Ibid.*
76. When the UN Security Council expanded its sanctions on March 3, 2008 with Resolution 1803, Ottawa and Canberra announced their support. Included within this resolution were calls for governments to withdraw official financial backing for trade with Iran and to inspect cargo going in and out of Iran. On the homepages of their embassies in Tehran, both countries carry warnings to their business communities about dealings with Iran. It is interesting to note that the Canadian Embassy states in bold type: "Canada will not block the initiatives of private Canadian companies to trade with their Iranian counterparts. However, we will continue to apply strict export controls on sensitive goods and we will continue to advise business people about the political environment to consider when doing business with Iran." [DFAIT, "The Embassy of Canada to Iran," <http://www.infoexport.gc.ca/ie-en/Office.jsp?cid=305&oid=283>(accessed May 8, 2008).

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# Engaging Iran

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