

Energy diplomacy in a geopolitical dilemma

Role of oil, gas in Iran’s regional, int’l relations



A worker observes his surroundings at the Persian Gulf Gas Refinery in Khuzestan Province, southwestern Iran, on April 26, 2023.
● ALI MOAREF/IRNA



An Iranian petrochemical company displays its various home-grown parts at the first Iranian Knowledge-Based Production exhibition, held in Shiraz, Fars Province, from June 21 to 24, 2022.
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Expert in oil, energy

OPINION EXCLUSIVE

For more than a century, energy resources have shaped the political identity, economic trajectory, and foreign policy of the Islamic Republic of Iran. With some of the world’s largest proven oil and natural gas reserves, Iran occupies a decisive position in global energy markets. Yet, international actors have often sought to restrict Iran’s ability to fully leverage this strategic advantage through geopolitical tensions and sanctions. Despite these challenges, Iran has transformed energy into both a tool of constructive engagement and a source of resilience. This article examines the role of oil and gas in Iran’s regional and international relations, highlighting the

country’s capabilities, strategies, and opportunities. Iran’s hydrocarbon wealth — second globally in natural gas reserves and among the top four in oil — provides unparalleled potential for influence. These resources have enabled:

- sustainable economic partnerships with Asian and European states,
- attraction of foreign investment in energy infrastructure,
- active participation in OPEC and other international institutions,
- and domestic stability through revenues supporting social programs, subsidies, and infrastructure.

Energy has evolved from a mere commodity into a diplomatic instrument. By managing production levels, joining pipeline projects, and negotiating bilateral and multilateral agreements, Iran has sought to expand cooperation and build strategic alliances. Energy diplomacy thus reflects Iran’s

broader foreign policy objectives: safeguarding independence, consolidating regional influence, and resisting coercive policies.

Sanctions as test of creativity, self-reliance

Unilateral sanctions imposed by the United States and its allies have constrained Iran’s export capacity and revenues. Yet these measures have also spurred innovations, such as:

- development of indigenous technologies to reduce reliance on external suppliers,
- strengthened partnerships with China, a reliable buyer and investor in infrastructure,
- and expanded cooperation with Russia and Venezuela to challenge Western dominance in energy markets.

While reliance on a limited set of partners presents short-term challenges, this strategy has safeguarded Iran’s independence and ensured continuity in complex in-

ternational conditions. The Persian Gulf — home to the Strait of Hormuz, a vital artery of global oil trade — underscores Iran’s strategic leverage. Iran’s role in the region is defined by:

- commitment to energy security alongside deterrence capabilities,
- gas export initiatives to Pakistan and Persian Gulf States,
- expansion of electricity and gas networks to foster regional integration,
- and active participation in OPEC to balance competition with cooperation.

Despite external interference, Iran continues to promote economic cooperation as the foundation for regional stability. Iran has pursued long-term resilience through:

- development of South Pars, one of the world’s largest gas fields,
- expansion of petrochemical industries to diversify beyond crude oil exports,
- and establishment of energy

corridors linking Central Asia, the Caucasus, and South Asia. Projects such as the Iran–Armenia pipeline and the proposed Iran–Iraq–Syria corridor reinforce Iran’s role as a secure transit hub, enhancing both national development and regional stability.

Future of Iran’s energy diplomacy

Global energy systems are undergoing transformation, yet oil and gas will remain central for decades. Iran’s vast reserves and strategic geography position it to play a decisive role in shaping the future energy order. Greater integration into global markets — if artificial barriers are removed — would not only advance Iran’s national interests but also contribute to international stability. Iran’s energy diplomacy rests on three pillars:

- self-reliance in production and technology,
- partnerships with reliable allies

to counter external pressures, and leveraging domestic capacities to maximize resilience and influence. By pursuing this path, Iran can transform its energy wealth into a foundation for sustainable development, strategic authority, and equitable global cooperation. Iran’s energy resources are both a divine gift and a strategic asset. Through resilient diplomacy, the Islamic Republic has demonstrated its ability to convert these resources into instruments of national strength and international engagement. Despite sanctions and external pressures, Iran’s determination to turn challenges into opportunities has ensured continuity and progress. Looking ahead, Iran’s energy diplomacy will remain a cornerstone of its foreign policy — defending national rights while contributing to a fairer and more sustainable global energy system.

Iranian oil industry exhibits considerable resilience: Senior expert

Global petroleum sensitivity to geopolitical developments been reduced

INTERVIEW

Amid unprecedented tensions and the imposed 12-day aggression by the Zionist regime and the United States against Iran, numerous observers anticipated that the global oil market would once again confront a price shock. Contrary to such predictions, the market continued its trajectory with relative tranquility, failing to record any significant volatility. Perhaps the most salient inquiry pertains to why events of this nature, which ordinarily precipitate price turbulence, proved ineffectual on this occasion. In this context, one must not disregard the marked augmentation in the resilience of Iran’s petroleum sector. Over recent years, the modalities of sales, transportation methodologies, and commercial networks have evolved into a diversified and flexible architecture such that the severity of sanctions no longer possesses the erstwhile efficacy. The nation’s production and export capacities have incrementally attained a magnitude capable of substantially countervailing external pressures and imparting greater stability to regional and global markets. Nevertheless, the current exigencies and challenges confronting Iran’s oil industry, exacerbated by the United States’ endeavor to reduce Iranian oil sales to zero under the policy known as maximum pressure, must not be overlooked. To elucidate these interrogatives and explore the underpinnings of the energy markets’ responses, an interview was conducted with Fereydoun Barkeshli, an eminent expert in the petroleum industry and former general manager for the National Iranian Oil Company (NIOC) in OPEC, the text of which is translated below:

Fereydoun Barkeshli



It was anticipated that any military conflict in the Persian Gulf, even of short duration, would induce shocks in the oil and gas markets; however, this did not transpire during the imposed 12-day war. Despite direct conflict involving Iran and limited regional assaults, why did this imposed 12-day war fail to exert a discernible effect on global oil or gas prices?

BARKESHLI: It is accurate that throughout past decades, every geopolitical upheaval in the Middle East and Persian Gulf has influenced the global oil market and pricing proportionate to the magnitude and significance of the unrest. The correlation between geopoliti-

cal developments and the oil market commenced in 1971 during the Yom Kippur War and, subsequently, the oil embargo imposed by certain oil-exporting countries against several major oil-importing nations. Indeed, since that juncture, the connection between Middle Eastern developments and the global oil market has entered political petroleum discourse. Earlier, in the early 1950s, events such as the nationalization of Iran’s oil and the initial oil embargo on the country caused the global oil price on the London exchange to increase — though only to 6.5 cents per barrel, which, though non-negligible by the standards of that era, did not constitute a shock.

During the imposed 12-day intrusion by Israel and America into Iranian airspace, the global oil price only experienced a transitory increase of around two dollars and several cents, followed by a decline. The rationale for this phenomenon pertains to multiple factors. Consider the Ukraine conflict. On the eve of Russia’s attack on Ukraine, i.e., February and March 2022, Brent North Sea crude was trading at around \$97.15 per barrel. The market endured several weeks of turbulence and concluded 2022 at \$85 per barrel. On October 7, 2023, with the onset of the bloody Gaza war, Brent stood at \$83.35 per barrel. Again, there were several tenuous days accompanied by

diverse analyses, succeeded by a downward trend in global oil prices. At the initiation of the Israeli air strikes against the Islamic Republic, global oil prices rose by 7%, yet by October 2025, they barely sustained \$70 per barrel. In essence, it can be asserted that the global oil market has lost sensitivity to geopolitical developments. Indeed, the geopolitical significance has relinquished a considerable portion of its influence. In other words, geopolitical events have been assimilated and embedded in the current global oil market pricing. Consequently, even today’s prices owe their endurance to the succession of crises and developments in the Middle East.

