RUSSIA’S UNEASY RELATIONSHIP WITH IRAN

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U.S. Secretary of State Clinton’s March visit to Moscow underlined the continuing tensions the U.S. and Russia are having over Iran. While the Obama administration is pushing for strict sanctions against Iran, Moscow is urging greater caution and expressing frustration at the U.S. about restrictions to trade.

In counterpoint to the United States, which maintains an unyielding position towards Iran, Russia’s relationship with Tehran is expanding, based on increasing trade ties and shared geography. As Russian President Dmitry Medvedev expressed in a July 2009 interview, “Iran is Russia’s important partner; we communicate with Iran, we have a range of common problems on which we cooperate and do so very productively… And we will continue to talk with Iran, our neighbor, our foreign partner.” [1]

At the same time, Russia watches Iran’s nuclear ambitions with alarm and genuinely fears the instability any international conflict with Tehran would bring along its southern borders. Russia does not see Iran as a categorical ally, as the Western media often portray; rather, it is seeking a balance to maintain political stability, ensure growing economic links and cooperation, and be seen as an honest broker to negotiate with Iran on its nuclear aspirations.

Wary-to-Warm Allies

Russia kept a wary distance from Iran for most of the 20th Century. Iran under the Shah was considered part of, first, Britain’s and then, after World War II, the United States’ sphere of influence. The Islamic revolution did not improve relations with the then-Soviet Union, as Iran’s new leadership publicly rejected communism and atheism; the Soviet invasion of Afghanistan further alienated neighboring Iran.

A slow and awkward rapprochement began between post-Soviet Russia and Iran in the 1990’s. While acknowledging the importance of cooperation with Iran, Russian experts were unsure of the long-term viability of renewed relations and even assumed an eventual rapprochement between the Islamic Republic and the United States and Russia’s loss of influence in the region. Russian political analyst Ivan Safranchuk, for example, stated in...
1998 that, “Russia could not consider Iran as an ally and should take into consideration [the] possibility of degrading relations with this country, up to a military conflict.” [2]

The 1998 economic crisis exacerbated political and economic pressures that pushed Russia to seek a stronger trade foothold in Iran. A 2000 paper from the Russian think tank Pir Center asserted, “Refusing further relations with Iran would damage Russia’s political and economic interests in the region, and finally would create a good market environment for European and then American products in Iran.” [3]

From 1995 to 2000 Russia was restrained from concluding new contracts with Iran by the Gore-Chernomyrdin Aide Memoire, by which Moscow agreed to refrain from signing any new arms sales agreements with Tehran and cease any existing sales by the end of 2000. In November 2000, however, Russia announced its withdrawal from this agreement. According to Alexander Pikaev, there was “wide-spread opinion in Moscow’s policy community … that the United States [was] not offering adequately attractive incentives to compensate the losses Russian industry would suffer as a result of decreased cooperation with Iran. And U.S. [lacked] the leverage to force Moscow to abandon Iranian projects.” [4] Indeed, the economic effects of the Aide Memoire on Russia were quite visible to the United States. As one former State Department official noted, “Russia has lost billions of dollars of conventional arms sales to Iran, and hundreds of millions of dollars of sensitive nuclear technology sales, due specifically to our efforts.” [5]

Although President Vladimir Putin’s administration came to embody Russia’s new relationship with Iran, the change came slowly during his first term. Putin inherited no long-term agenda from the Yeltsin administration and was uneasy about a strong, Islamic neighbor, potentially with nuclear weapons, in his backyard. In the early years of the Putin administration, experts observed with displeasure that Russian-Iranian dialogue and project proposals were not going beyond discussions. [6]

Russia seems to have made the decisive policy change to engage Iran fully in 2006-2007. The switch was a response to a number of strategic issues: Russia’s growing anger over American foreign policy, concern over perceived U.S. meddling in the internal affairs of neighboring countries and disregard for Russia’s own geopolitical interests, and aspirations for resurgence as a world power.

The Bush administration itself lost a window of opportunity for rapprochement with Iran in 2001 and 2002, when the Islamic Republic assisted in anti-terror activities in Afghanistan and made overtures to normalize relations with the U.S. Mahmoud Ahmadinejad’s election as president in 2005 institutionalized Iranian antagonism toward the U.S., and gave Russia a political ally whose similar international positions allowed greater optimism that Russia could exploit more than trade ties.

The full flowering of then-President Putin’s foreign policy agenda was unveiled at the “Munich Speech” in 2007, when he declared that “[the international community has] reached that decisive moment when [it] must seriously think about the architecture of

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global security” and that “the unipolar model is not only unacceptable but also impossible in today’s world.” Putin asserted the need for “world order that would ensure security and prosperity not only for a select few, but for all.” [7]

The following October after this speech, Putin visited Teheran – the first visit by a Russian head of state to Iran in sixty years. Russian Foreign Minister Sergei Lavrov visited Iran three times in 2007 alone. Russian and Iranian heads of state also meet regularly at the summits of the Shanghai Cooperation Organization (SCO). Currently, the Russian Foreign Ministry’s website posts news of monthly, and sometimes weekly, political interactions between Russian and Iranian officials. Since 2005 the two countries’ legislative branches – Russia’s Duma and Iran’s Majilis – have engaged in a myriad of bilateral meetings, including so-called inter-parliamentary friendship groups. Russia declared Iranian Cultural Week in 2006, and Iran held a Russian Cultural Week in 2008. Iran is also becoming a popular tourist destination for Russians. [8]

Iran shares similar positions as Russia regarding a number of regional and international problems. As a Russian diplomat expressed, Russia and Iran “are united in supporting the concept of a multi-polar world order, and…are in favor of the United Nations’ leading role in international affairs.” [9] Russia sees interaction with Iran as essential for its own national security, preserving stability in Central Asia and the Caucasus, and as a deterrent factor in the Middle East. Both countries see themselves as resurgent powers which must defend their interests and influence against U.S. foreign policy.

Trade and Energy Ties

Russia has increasingly come to see Iran as an important trade partner. With the end of ideological differences after the Soviet collapse, post-Communist Russia naturally sees the advantages in filling not only diplomatic but also trade vacuums left by the United States and European countries. The two countries have signed numerous long-term, bilateral trade agreements in a range of fields, and a growing number of Russian regions and cities are building trade links with Iran. [10] The Russian-Iranian Business Council under auspices of the Russian Chamber of Commerce and Industry facilitates new trade relationships.

In 2008 bilateral trade reached 3.7 billion dollars. Russian extractive, agricultural, and transport sectors benefit from exporting metals, wheat, timber, aircraft, and trucks to Iran. After India and China, Iran is the third largest buyer of Russian arms; among the many arms sales in recent years, Russia sold Iran 16 TOR-M1 surface-to-air missile systems in 2006-2007. Iran’s first satellite, Sina-1, was built in cooperation with Russia, and launched from the Plesetsk space center in northwestern Russia in October 2005. [11] The same year Russia and Iran signed another $132 million agreement on designing and launching of a commercial satellite Zohreh.[12]
The most important project between Russia and Iran started in 1992 when both countries signed the $1.27 billion agreement to construct the light water commercial power reactor at Bushehr. [13] Construction at Bushehr alone employs approximately 20,000 Russian specialists from 300 Russian research and production facilities. [14] These projects have been valuable to Russia as a means to retain vital specialists during its hardship years, which saw severe brain drain to the West.

Russia is increasing its cooperation and coordination with Iran in the energy exploitation and export industry. There is ample room for this cooperation; Russia has the scientific expertise and technology that Iran needs for its oil and gas reserves, particularly in the country’s underdeveloped northern territories.

Russia and Iran boast the world’s two largest proven natural gas reserves, at 23.4% and 16%, respectively. [15] They are seeking to use these reserves to common benefit, developing a common strategy for engaging the world energy market. They are engaged in ongoing negotiations on joint efforts in natural gas storage, transportation, processing, and marketing. In 2001 they established the Gas Exporting Countries Forum (GECF), a gathering of the world’s 13 leading gas producers aimed at representing and promoting their mutual interests. The GECF producers account for some 67% of the world’s gas reserves. In 2008, interested in the potential price-control structure similar to OPEC, Russia and Iran together with Qatar (13.8% of world’s proven gas reserves) formed a “gas troika” for joint exploration and production. [16]

Since 1997 Russia’s Gazprom has owned a 30% stake in the international consortium which built Stages 2 and 3 of the South Pars gas field in the Persian Gulf. This gas field holds around 500 trillion cubic feet (14 trillion cubic meters) of gas or about 8% of world reserves. The consortium built two offshore platforms with ten production wells each, two 100-km (62-mile)-long underwater gas pipelines and an onshore gas plant with annual capacity of 20 billion cubic meters of gas. In 2008, Gazprom signed agreements on development projects on Kish Island, home to Iran’s third largest gas field with in-place reserves over 66 trillion cubic feet. [17]

Russia and Iran also agreed to a gas swap in 2009, with Russia providing gas to Iran’s north in exchange for Tehran supplying an equivalent amount to Russian allies to the south.

Some experts suggest that Russia is seeking to coordinate gas sales with Iran, with Russia remaining the main supplier to Europe while Iran would focus on Asian markets in
Pakistan, India, and China. [18] Regardless of how likely such an agreement may be, it is clear the two countries are establishing a complex and expanding economic relationship based on gas.

Russia is also very interested in expanding cooperation in the oil industry, an interest Iran evidently shares. Iran sits on the world's second largest proven oil reserves worldwide (10.9%) and is the number four crude producer worldwide. Gazprom began negotiations with Tehran in 2008 on joint exploitation of the Azadegan field, which is Iran’s largest onshore oil field, holding approximately 42 billion barrels of crude oil. [19] For its part, Iran sponsored OPEC’s invitation to Russia for observer status.

During the eighth session of the Iran-Russian Intergovernmental Commission on Trade and Economic Cooperation, which took place in Tehran on November 29-December 1, 2009, Russian Minister of Energy Sergey Shmatko stressed the need for implementation of larger oil and gas projects. The two sides agreed to implement fifteen new oil and gas projects in Iran, as well as the construction of an oil refinery in Armenia and the establishment of a joint Russia-Iran oil company. [20]

Russia’s current strategy is to keep trade relations with Iran as separate as possible from discussions on Iran’s nuclear program. President Medvedev stated that nuclear weapons “pose a threat to all neighboring countries” and that Russia must “keep track of this process [Iranian nuclear developments] extremely closely. But of course we will develop normal relations with Iran – we believe that this is correct.”[21]

**Priority of Nonproliferation**

As unsettling as Iran’s nuclear ambitions may be to Russia, Russia is prepared to engage Iran with no strong preconditions, unlike the U.S. At the same time, this does not minimize Russia’s concern over Iran’s nuclear aspirations. Foreign Minister Lavrov has insisted that, despite growing trade relations, the nonproliferation regime is of the highest priority on Russia’s agenda with Iran. [22] As profitable as the economic benefits may be, Russia’s nonproliferation concerns lead it to maintain close oversight over its trade in technologies and equipment with Iran. It is for this reason that the country’s chief representative to the Intergovernmental Commission on Trade and Economic Cooperation with Iran is historically either the director of Russia’s Federal Agency of Atomic Energy or Minister of Energy.

Russia does not see a nuclear-armed Iran in its own best interests, especially as it pursues greater bilateral nuclear arms reductions with the United States. President Medvedev has stressed that “Iran's nuclear program can authentically be described as peaceful only if it takes place under the auspices of the International Atomic Energy Agency (IAEA).” [23]

Russia’s concerns have led to delays in construction of the Bushehr reactor, and Russia has put conditions on Iran’s signing the IAEA Additional Protocol which would allow it
to ship spent fuel to Russia under IAEA safeguards. It is also why Russia has still not finalized the sale of its S-300 air defense system to Iran.

In the late 1990s the Unites States accused Russia of proliferating critical missile technologies in violation of the Missile Technology Control Regime (MTCR) and placed sanctions on at least 10 individual Russian companies for aiding Iran. [24] Some of those companies, such as aerospace enterprise Glavkosmos, were pillars of Russia’s technology sector. The Kremlin consistently denied that any of such missile exports to Iran were officially approved; however, officials did admit to some instances of “private” proliferation and pledged to pursue the violators and improve its national export control system. [25] This issue poisoned U.S. – Russian relations for years afterward. The argument evaporated with time and it seems that neither side has desire to come back to it. In fact, the most recent join assessment by U.S. and Russian technical experts of the Iranian missile potential only identifies North Korea as a primary supplier of missile technology and know-how to Iran. [26]

As a member of the UN Security Council, Russia supported UN Resolutions 1737 (December 23, 2006), 1747 (March 24, 2007), 1803 (March 3, 2008), and 1835 (September 27, 2008) imposing sanctions on Iran in regards to dual-use goods which have both military and civilian applications, and to the assets of key individuals and companies related to the uranium enrichment program. Russia also supported a resolution drawn by the IAEA Board of Governors on 27 November 2009 urging Iran to comply with the UN Security Council resolutions that demand suspension of enrichment activities, including the construction of the Qom Enrichment Facility. [27]

In 2009, together with France, Russia expected to play a decisive role in crisis settlement by offering enrichment cooperation through the International Uranium Enrichment Center in Angarsk but Iran denounced the terms of the deal as “not acceptable.”

Amidst Iran’s posturing and the harsh reactions from the US and France, Russia is trying to find balance and compromise. On the one hand, Medvedev used strong language in his Pittsburgh and Singapore statements, calling the construction of an enrichment plant without IAEA’s knowledge “a cause of great concern” and insisting that “negotiations exist not for the sake of enjoying the process itself but in order to reach practical objectives …[which include] a transparent modern peaceful nuclear program… If the results are not forthcoming we still have at our disposal the various instruments…to move the process forward by other means.” [28] On the other hand, two months later, First Deputy Prime Minister Sergei Ivanov declared that “Russia remains committed to a dual track approach… sanctions should not be regarded as a cure-all. Resort to this instrument has to be carefully weighed and be proportional to the level of Iran’s cooperation. If sanctions are to be used at all, they have to be aimed exclusively at resolving non-proliferation matters.” [29]
2009 Presidential Elections in Iran

The fear of instability likewise explains the Russian reaction to the 2009 Iranian Presidential elections. Stability and security go far in explaining Russia’s dislike of “colored” revolutions, and vigorous, aggressive protest against international “meddling” in the domestic affairs of sovereign nations. Russia sees “colored” revolutions and “civil society” as U.S.-directed attempts to destabilize nations and maintain unipolar dominance. It sees the results of these efforts in Georgia and Ukraine as inherently destabilizing to the region and a blow against Russian geopolitical interests.

Russia maintained a particularly defensive foreign policy stance during its own presidential elections in 2008, and has been equally as supportive of other nations to do as they please in the interests of international security. Its perspective in the Iranian election could therefore not be much different.

The complexities and chaos of the Iranian election, however, did not leave Russia entirely unaffected. The Western press criticized Russia for embracing Ahmedinejad’s electoral victory too quickly but in reality, the Kremlin waited two days before making an official statement. For many Russian experts, even this delay was too long and damaged Russia’s standing as an Iranian ally. [30]

Realpolitik also determines Russia’s hand, as it understands that Iran’s nuclear ambitions are not defined by the Iranian President only. Rajab Safarov, Director of the Center for Contemporary Iran Studies in Moscow, noted that “all [Iranian] presidential candidates promise to even further develop the nuclear program… It is a national program and none of the presidents can radically change” it and the “nuclear program is a priority of the Iranian society, not just of politicians.” [31]

Russia is more interested in a stable government with whom it can negotiate and trade, rather than an unstable and unpredictable Iran run by a mob.

Disagreements and Self Interests

An expanded relationship between Russia and Iran does not diminish the obvious differences between them, which both sides understand very well. Iran is unhappy with the slow pace of construction at Bushehr and Russia’s agreement with Israel to cancel the S-300 contract with Tehran. [32] Nor are the two countries in agreement over the Caspian Sea’s status. Bilateral agreements and SCO summits aside, neither Russia nor Iran can afford to see each other as full strategic allies.

Russia sees strong trade as a sound defense against Iranian political ambitions, using growing economic links and profit stakes to make any possible actions by Tehran against Russian interests self-defeating. Russia’s recognition of Iran’s right to peaceful nuclear energy is also predicated on Moscow’s expectations of future construction contracts for the Russian nuclear industry.
Iran at the same time benefits from Russian political support in the international arena and trade cooperation with Moscow, but it understands its own vulnerability very well and is developing its own path to development that excludes dependency on any single partner. For this reason, Iran agreed to join the International Uranium Enrichment Center in Angarsk but preserved its own enrichment program. Iran is also developing extensive trade and diplomatic links with China and India, which may lay claim to a greater rivalry with Russia than the United States.

Russia and Iran are still too cautious about one another for Tehran to consider Moscow an “honest broker” to the West. Each side sees their relationship as a defensive move to protect their own interests, not as collateral to use in negotiating with the United States. Thus Russia’s de-linking of Tehran’s military and civilian nuclear ambitions limits Washington’s ability to engage with Moscow on Iran.

Russia’s interests in Iran are therefore mostly defensive. Russia is not looking for a sphere of influence in the Middle East per se, but rather sees itself as a neighbor to an unstable region, and one who would suffer from any confrontation between Iran and the West. A military conflict with Iran would impact Russia directly, whether by a destabilizing influx of refugees to Russia’s immediate neighbors, negative impact on Russian-Iranian trade, or affecting Russia’s standing as a world power and regional player. Russia is similarly uninterested in a too-resurgent Iran, as that could negatively influence Russia’s own regional ambitions.

**Conclusion**

Russia’s diplomatic overtures to Iran should not be overestimated. It is evident the two countries are committed to closer relations in the long term, and that both sides see geopolitical and economic advantages to widened cooperation. At the same time, these avenues for cooperation are not unlimited, and there are serious differences that cause significant and lingering distrust between the two countries.

Russia is not interested in a nuclear-armed Iran. Iran is a regional neighbor, however, and it is natural for the two countries to have extensive trade ties and similar geopolitical interests.

Western experts and journalists accuse Russia of protecting Iran against sanctions and military intervention, but it is not Iran per se that Russia is protecting. Russia has nothing to gain from an unstable Iran, due to its proximity and the consequences on its nearest geopolitical allies in Central Asia and the Caucasus. A war with Iran would certainly exacerbate tensions in Afghanistan, Iraq, and Pakistan, and could engulf the entire region in conflict, Islamist militarism, terrorism, refugees, and drug trafficking.

Russia’s economy remains highly dependent on its military-industrial complex, even twenty years after the end of the Cold War. Foreign arms sales are a vital source of...
revenue, and Iran is a market of growing importance. Russia's dependence on arms sales requires Moscow to temper its unease over Iranian nuclear aspirations with the demand to increase trade.

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* Any views expressed in this article are the views of the author and do not necessarily reflect the views of Global Green USA or its staff.
[17] “Iran, Gazprom Agree to Expand Oil and Gas Cooperation,” RIA Novosti, January 15, 2008. Other stakeholders are France’s Total (a 40% stake) and Malaysia’s Petronas (30%). The entire project in South Pars is divided in 24 phases.


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