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# **GEOPOLITICAL CONVERGENCE AND CHALLENGES FACING IRAN AND RUSSIA IN EURASIA**

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Iran and Russia are very contrasting in terms of culture, ethnicity, religion and demography. While Iran is an Islamic republic, Russia claims to be a secular state. Their coalition is rooted in common strategic objectives, interests such as removing the United States of America, and its influence from the Eurasian region, among other economic aspects. Russia's involvement in the Middle East, Asia, and Europe has been re-emerging in light of its president Putin's goal of restoring the country's position in the global sphere, after it lost much influence in the region following the Cold War period. At the St. Petersburg Economic Forum in 2016, Putin articulated Moscow's intent to establish a "Great Eurasian partnership" -- a framework for macro-regional, political, security, and economic integration encompassing the states of the Eurasian Economic Union (EAEU) and the Commonwealth of Independent States (CIS) as well as China, India, Pakistan and Iran.<sup>1</sup> In such a coalition, Iran undoubtedly holds a special position for their like-mindedness with Russia in thwarting Western liberal norms from the Eurasian region and reworking the world order. Apart from this, for Russia, Iran is not just a Middle Eastern nation but one that holds a politically, economically, and strategically important setting. The Russian - Iranian alliance isn't unnatural, contrived, or fundamentally transient in any way. Their partnership is built on a solid foundation of shared strategic goals and interests.

## Iran, Russia and the United States - A Brief History

In 1953, a CIA-led coup in Iran deposed their elected Prime Minister and replaced him with the US-friendly "Shah". This was done to limit the Soviet Union's growing influence in Iran and to protect the West's interests in its oil reserves. Opposing the growing westernisation and modernisation under Shah's regime, the country witnessed widespread conservative backlash that resulted in replacement of Shah by Ayatollah Ruhollah Khomeini who established the 'Islamic Republic of Iran' in 1979. Since then, Iran's relations with the US have been strained while it has also been apprehensive of American presence and influence in the Middle East.

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<sup>1</sup> Grajewski, Nicole. 2020. "Russia and Iran in Greater Eurasia." MIDDLE EAST INSIGHTS. <https://mei.nus.edu.sg/wp-content/uploads/2020/07/Insight-239-Nicole-Grajewski.pdf>.

This history between the United States and Iran has inevitably brought Russia and Iran closer over the years, despite a few discrepancies. Russia's role has been amplified following the disengagement of the United States in the region, which is indicative of its possible retreat from the Middle East that gives Russia and Iran the upper hand. Iran's cooperation with Russia, which has veto power at the UN, is a crucial strategy for Iran, especially in its goal towards establishing regional hegemony. Furthermore, Moscow is pursuing an autonomous policy from the West, which requires Iran's support and alliance.

## Economic challenges and opportunities

Between the years 2019 and 2021, the value of bilateral trade between Russia and Iran increased almost two-fold, from \$2 billion to \$4 billion.<sup>2</sup> The increase in trade value comes as the result of a preferential trade agreement (PTA) between Iran and the Eurasian Economic Union (EAEU) members in October 2019. This agreement enables a full free trade plan for tariff-free essential commodities. The PTA offers lower tariffs on 862 commodities exported to the EAEU among which 502 are Iranian exports. In 2021, Iran lobbied for a Free trade agreement with the EAEU. If such a proposition materialises, the amount of commerce between Iran and the EAEU will increase dramatically. Russia introduced the Eurasian Development Bank (EDB), an international financial organisation established to promote economic growth in its member states, extend trade and economic ties among them, and to support integration in Eurasia<sup>3</sup>, which also facilitates transactions including these bilateral trade deals.

In January 2022, Iranian President Ebrahim Raisi visited Russia for a two-day state visit upon an official invitation by President Vladimir Putin. Based on Raisi's account on the developments and initiatives the two countries aim to make in order to strengthen their ties. Raisi said, "We agreed to remove trade barriers and boost the economic exchanges between the two countries. Currently,

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<sup>2</sup> "Russia (RUS) and Iran (IRN) Trade | OEC." n.d. The Observatory of Economic Complexity. Accessed March 26, 2022. <https://oec.world/en/profile/bilateral-country/rus/partner/irn>.

<sup>3</sup> Lagutina, Maria. n.d. *Preferential Trade Agreements of the Eurasian Economic Union: Economic Feasibility and Political Significance*.

the level of mutual trade is not acceptable, so the two countries agreed to increase trade to \$10 billion a year.”<sup>4</sup> One other significant development from the meeting includes the countries’ mutual consensus on breaking the dollar dominance over monetary and banking relations and trade with the national currency. In order to promote agricultural trade, the two countries also agreed to explore mutual agricultural capacities as well as appropriate locations for agricultural product exchange. Raisi noted, “During this visit, it was agreed to activate the north-south corridor. This transit route will make the time and distance of transiting goods from Russia and different northern countries to the southern regions much shorter.”

Following the 2015 sanctions on Russia by the US, European Union and other countries, it has prioritised Middle Eastern and Asian economies for trade of agricultural products. In addition to negotiating more trade agreements in these sectors with Iran and other Middle Eastern nations, Russia might take advantage of Iran's Anzali Port and Free Zone, which are located on the Caspian coast and along Russia's north-south corridor. Potential transit developments can give both the countries as well as members of EAEU the opportunity to make further trade agreements work more efficiently, considering Russia’s goal of “Greater Eurasia”, entirely independent from the West.

The EAEU members use an alternative financial messaging system called SPFS or the System for Transfer of Financial Messages by Russia, in place of the internationally accepted SWIFT. Therefore, the future for trade and transit looks more sustainable and secure for Russia, since there seems to be no place for the West in this closed circle. The partnership between the countries aims to avoid the US and its currency entirely and ensure that all bilateral activities can take place irrespective of any other countries’ disapproval.

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<sup>4</sup> “Trade between Iran, Russia exceeds \$4b in 2021.” 2022. Tehran Times. <https://www.tehrantimes.com/news/469938/Trade-between-Iran-Russia-exceeds-4b-in-2021>.

## Defence, security and strategic cooperation

Russia and Iran have expanded military and strategic alliances since the beginning of 1960s, almost 15 years before the Islamic Revolution took place in Iran. Even then, the Soviet Union had sent new defence technologies for ground troops, engineering troops, artillery, armoured cars, air defence systems, short-range missile systems, multipurpose tanks for crossing bridges, and so forth.<sup>5</sup> Iran purchased fighter aeroplanes such as MiG- 29, Su-24 aircraft as well as long-range anti-aircraft missile system, between 1989 and 1991. Such deals between Russia and Iran have persisted even after the collapse of the Soviet Union and the establishment of the Russian Federation, despite their differences over time.

### Strategic cooperation during Syrian civil war

Russia considers Iran's participation as necessary in settling regional crises in Syria, Iraq, and Afghanistan along with convergence in the Caucasus–Caspian region and Central Asia. Conferring this role upon Iran is based on their shared opposition to the NATO expansion, popular unrest against region's Western-backed leaders, and their shared belief that regional powers should shape the security structure in Eurasia<sup>6</sup>. Syrian Civil war in 2015 highlighted the duo's strategic cooperation and echoed the depth of their military alliance regionally. The Iranian military and Russia were pushed closer in light of the Syrian war as they worked together in fighting against the rebel groups in an effort to retain Bashar al-Assad's regime. Russia was also involved in the military exercise by Iran's General Soleimani. The involvement of both these countries were instrumental in giving Assad's regime some battlefield success as well as diplomatic backing at the UN. However, with the collaboration came certain conflicts of interests:

1. Both the countries have interests in gaining economic contracts, especially in Syria's energy and agriculture industries

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<sup>5</sup> Ghadbeigy, Zohreh. n.d. "THE FUTURE OF COOPERATION OF IRAN AND RUSSIA IN THE FIELD OF SECURITY AND DEFENCE." 2.

<sup>6</sup>Saraswat, Deepika. 2022. "Iran–Russia Relations under Raisi: The Eurasian Dimension." *IDSAs issue briefs*.

2. Russia wants to reform the Syrian military and establish a professional Syrian officer Corps. Iran, however, wants to retain the role of violent non-state actors (VNSA) in the region.

The growing influence of VNSA has created a dynamic in which major global powers like Russia and the United States, as well as regional countries like Iran, Saudi Arabia, and Turkey, are pitted against one another through partnering with non-state actors. As a result, VNSA has grown increasingly influential in determining both intra-state and inter-state power battles.<sup>7</sup>

Diverging perspectives on military reform and economic investment distinguish Russia and Iran's aspirations for Syria's future. These differences, however, are unlikely to lead to a breakup of the partnership. Despite divergences, Moscow and Tehran's capacity to tackle emerging issues in post-war Syria has increased as a result of their close collaboration and long-term relations. In fact, Iran and Russia have continued to work together in their support for Syria, even in evading sanctions in order to deliver oil to the country.

## Iran nuclear deal

Russia and Iran did not meet eye to eye with the United Nations resolution 1929, in 2010. Expressing deep concern about Iran's lack of compliance with its previous resolutions on ensuring the peaceful nature of its nuclear programme, the UN Security Council imposed additional sanctions on the country, expanding an arms embargo and tightening restrictions on financial and shipping enterprises related to "proliferation-sensitive activities."<sup>8</sup> This resolution required the UN member states to refrain from transferring missile-related technology to Iran. The sanctions following the UN resolution also targeted investments in oil, gas, and petrochemicals, as well as exports of refined petroleum products and business dealings with the Islamic Revolutionary Guard Corps (IRGC).

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<sup>7</sup> "Alliances with Violent Non-State Actors in Middle East Conflicts: Between Theory and Practice." n.d. IEMed. <https://www.iemed.org/publication/alliances-with-violent-non-state-actors-in-middle-east-conflicts-between-theory-and-practice/>.

<sup>8</sup> "Security Council Imposes Additional Sanctions on Iran, Voting 12 in Favour to 2 Against, with 1 Abstention | Meetings Coverage and Press Releases." 2010. the United Nations. <https://www.un.org/press/en/2010/sc9948.doc.htm>

Due to the pressure from the United States and Israel, the then Russian president Dimitri Medvedev suspended the agreement and withdrew from selling S-300 missile systems, armoured vehicles, warplanes, helicopters and warships to Iran. Triggered by such a decision from Russia, Iran filed a lawsuit against them at the International Court of Justice (ICJ) for not complying with its commitments on the agreement over delivery of S-300 air defence systems, in 2011.

By 2015, the Iranian economy was crippling due to heavy sanctions. Around this time, in October 2015, The Joint Comprehensive Plan of Action (JCOPA) or popularly known as the Iran nuclear deal was signed between the P5+1 countries and Iran. The deal was signed to lift sanctions on Iran, given Iran's assurance of a limited nuclear program for at least 10 years. The International Atomic Energy Agency (IAEA), an autonomous organisation reporting to the UN, was assigned to ensure and monitor Iran's compliance with the agreement.

However, in May 2018, the United States, under the Trump administration, unilaterally withdrew from the JCOPA. The then President Donald Trump said, "We cannot prevent an Iranian bomb under the decaying and rotten structure of the current agreement. Therefore, I am announcing today that the United States will withdraw from the Iran nuclear deal." Since one of the key motives for Iran's entrance to the JCPOA was to break its international isolation and revive its economy, the consequences of American withdrawal dramatically weakened Iran's incentives to stay faithful to the accord.

Following an airport strike in Baghdad that killed Iranian general Soleimani, in 2020, Iran announced that it will no longer abide by the demands of the agreement but continue their collaboration with IAEA. Later that year, they further expressed their willingness to work in accordance with the deal, provided the United States lifts sanctions and re-joins the agreement. Mikhail Ulyanov, Russia's ambassador to the United Nations International Atomic Energy Agency in Vienna, described Iran's demand that the US not withdraw from the JCPOA again as "rational and justifiable" on October 24, 2021, although President Joe Biden had declined to provide similar assurances to Iran. Talks resumed in Vienna on 29 November 2021, with representatives from all stakeholders of the deal.

## Russian invasion of Ukraine

At the date of writing, the nuclear deal has come to a standstill, because of the Russian invasion of Ukraine. In lieu of the sanctions on Russia, global oil and energy prices have risen, which means that relaxing sanctions on Iranian oil shipments would lower skyrocketing oil prices, reducing the impact of US sanctions on Russian oil exports in the global market. But as the international community brings sanctions on Russia, the country wants to use the Iran Nuclear deal as leverage to extract their demands. Russia, being one of the signatories to the agreement, demanded written exemption from sanctions from the West in order to keep their relationship with Iran afloat and allow for future transactions between the countries without any influence. Despite these assurances from the west to the demands of Russia, the JCOPA deal has not yet materialised. Josep Borrell, the European Union's top diplomat, indicated this when he said, “Iran and world powers were "quite close" to reviving their 2015 nuclear deal, which would limit Tehran's nuclear programme in exchange for the relaxation of harsh sanctions.”

However, the West is put in a difficult position where their options to either ease sanctions on Russia or to let go of the Iranian deal are both not viable. Ned Price, spokesperson of the United States State Department, in his speech announced that the country will push for an agreement under the JCPOA, and if that does not materialise due to external factors (indicating Russia), they will be open to diplomatic alternatives. Essentially the diplomatic alternatives suggested will have no provision for Russia in the picture. However, if the deal were to work without engaging with Russia, the responsibilities that it held including taking control of Iran’s excess enriched uranium and assisting Iran in reworking the Fordow plant into a research infrastructure must be taken over by other nations.<sup>9</sup> Despite the West’s desire to side-line Russia, a reaction from Iran looks awry.

Iran blames the United States and NATO aggression for provoking Russian invasion of Ukraine, similar to what they had done following the Russian annexation of Crimea in 2014. In both the cases, Iran had abstained from voting in the United Nations General Assembly, showing the firmness of their cooperation on an international level. Iran has also voted against resolutions

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<sup>9</sup> De Luce, Dan. 2022. “Russia's demands threaten to torpedo revival of Iran nuclear deal, officials say.” NBC News. <https://www.nbcnews.com/politics/national-security/russias-demands-threaten-torpedo-revival-iran-nuclear-deal-officials-s-rcna19733>.



criticising Russian aggression and misconduct in Ukraine, joining countries like Bolivia and Syria in doing so. An Iranian government spokesperson tweeted that “security concerns over the intensifying and provocative expansion of NATO to the east is understandable to all independent nations that are opposed to US hegemony.”<sup>10</sup> Decisions by both the Trump administration and the Biden administration have made the United States lose much of its trust as a security provider in the region. This is also evident from the Biden administration's indications of withdrawal from West Asian matters.<sup>11</sup> Today, US president Joe Biden faces opposition both from within and outside about going ahead with the JCOPA deal. For Iran however, the scene has drastically changed since 2015. Iran has diversified its partnerships with Russia, China and other regional countries for their political, military and economic matters. They have also survived heavy and imposing sanctions in the past and have found their way for revival, which is apparent from IMF's GDP growth projection of 2% in 2022.<sup>12</sup> Therefore, the trajectory of the Iran Nuclear deal can possibly be the indication of a new world order with a refined and redefined approach to international cooperation based on national priorities and interests.

## Conclusion

Russia trying to push for Iran's entry to the EAEU, Iran's unwavering support for Russia in both the Ukraine crisis and in the international sphere are indications of the nature of their strong cooperation. Although the countries have differences and conflicts of interests in Syria, a divide between Moscow and Tehran will only emerge in severe circumstances, when one or both countries are compelled to make decisions that are essential to their national interests but unaligned with their bilateral prospects. There is minimal chance of this happening in the near future, given their common objectives of establishing a Eurasian fraternity, eliminating Western threats like

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<sup>10</sup> Grajewski, Nicole. 2022. “As the world shuns Russia over its invasion of Ukraine, Iran strengthens its ties with Moscow.” Atlantic Council. <https://www.atlanticcouncil.org/blogs/iransource/as-the-world-shuns-russia-over-its-invasion-of-ukraine-iran-strengthens-its-ties-with-moscow%E2%82%AC%80/>.

<sup>11</sup> “Difficulties in the Vienna Talks | Current Affairs.” 2022. IAS Parliament. <https://www.iasparliament.com/current-affairs/economy/difficulties-in-the-vienna-talks>.

<sup>12</sup> “Islamic Republic of Iran and the IMF.” n.d. International Monetary Fund. Accessed April 4, 2022. [https://www.imf.org/en/Countries/IRN.united Teh](https://www.imf.org/en/Countries/IRN.united%20Teh)

expansion of NATO and working towards regional and international hegemony, all of which appear to be slowly taking shape.

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