Russian-Iranian Relations: Outlook for Cooperation with the “Axis of Evil”

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Introduction

The Iranian government has been repeated criticized by the international community for the position it has taken in pursuit of nuclear technology. While many nations in the international community have warned Iran not to pursue such a course, Russia surprisingly has not. In fact, it has done just the opposite. Russia has openly admitted to supplying Iran with the technical capability to build a nuclear reactor and is one of Iran’s staunchest advocates in its quest to pursue such a course. In doing so, Russia has blatantly ignored warnings by the international community with full knowledge that its actions could lead to damaged relations. This leads one to question Russia’s basic motives for doing so. Why has Russia defied international pressure and taken such an ardent stance in support of a “nuclear” Iran? Second, what does Russia stand to gain by maintaining relations with Iran? Third, what is the likelihood that Russia will curtail its relations with Iran as a way of appeasing the international community?

While the threat of a nuclear Iran and its attempts to gain access to nuclear technology continue to make headlines in the United States and abroad, it is a serious mistake to focus strictly on Iran and overlook the role Russia has played in this process. The United States and the International community must take Russia seriously if they ever intend to develop a cohesive strategy for countering nuclear proliferation, especially with regards to Iran. Consequently, it is the specific intent of this article to do just this. I intend to show that the outlook for Russia’s continued cooperation with Iran is directly linked to their historical ties. This fact, coupled with Russia’s recent policies to solidify economic ties with Iran, provides sufficient evidence that cooperation will continue in spite of international criticism.

To build my case, I will address Soviet/Russian-Iranian relations during these specific periods:

1. First, I will describe the Soviet-Iranian relationship inherited by Russia before the collapse of the Soviet Union.
2. Second, I will address Russian-Iranian relations starting with the collapse of the Soviet Union (December 1991) through December 1999.
3. Third, I will address relations under the Putin administration (December 1999 to the present).
4. Finally, I will conclude with a rationale for future cooperation.

Only through a careful analysis of their past and present relations will it be possible to predict with some level of certainty the degree to which Russia will continue its staunch support for Iran.

In view of their current level of cooperation on nuclear technology, Russia’s future relations with Iran is of extreme importance to the international community, especially the United States, as policies are developed to curb the proliferation of nuclear weapons. The question then is whether or not U.S. policymakers will take Russia’s role seriously in the nuclear showdown with Iran? If economics is the significant motivating factor for cooperation, then the United States must offer Russia sufficient economic incentives to deter and or replace Russia’s dependence on Iran as a trading partner.

Russia’s Inherited Soviet-Iranian Relationship

Soviet relations with Iran during the Cold War years can be categorized as both opportunistic and circumstantial. They were opportunistic in the sense that the Soviet Union generally pursued relations that furthered its cause in checking the imperialist expansion of the west, and circumstantial in the sense that such attempts were often constrained as a result of domestic and international events. Although Iran typically aligned itself with the west during the Cold War, at least until the Revolution, its foreign relations were conducted in accordance with a “non-alignment” policy. Basically, this policy meant Iran would pursue “tolerance and cooperation with all nations of good will,” which in reality gave it an excuse to pursue “opportunistic” relations with the Soviet Union.[2]

When Mikhail Gorbachev came to power in 1985, he began promoting his “new thinking” towards Soviet foreign policy. Although his policy towards Iran did not change substantially, he wanted to focus more on bilateral economic cooperation as a way to check the American military build-up in the Gulf.[3] Consequently, his “new thinking” also seemed to facilitate a change in Iran’s views towards the Soviet Union. Alternatively, this change could also be explained by Iran’s desperate need to rebuild its economy as a result of ongoing destruction caused by the Iran-Iraq War.

So when Soviet Deputy Prime Minister Georgi Kornyenko visited Teheran on February 26, 1986, the Iranians were more than willing to negotiate some deals. They agreed to “expand economic and trade relations, and to conduct joint oil exploration in the Caspian Sea.”[4] In addition, Iran made a “friendly” move by agreeing to resume natural gas exports to the Soviet Union which had been halted in 1980. Consequently, Gorbachev apparently decided to tilt Soviet support back towards Iran in 1987, after previously favoring Iraq.

While great strides had been made to improve relations, the events of the late 1980s appeared to eliminate all other major obstacles that had previously prevented cooperation. First, the Iran-Iraq war ended on August 20, 1988 after eight long years, countless deaths, and tremendous economic strain. Second, the Soviet Union started to pull out of Afghanistan in December 1988, an event that signified the end of Islamic oppression. With these two events behind them, the potential now existed for a new beginning. On February 26, 1989, Soviet Foreign Minister Eduard Shevardnadze went to Teheran and was even afforded the opportunity to meet with Ayatollah Khomeini. Shevardnadze declared this to be a historic “turning point” in relations between the Soviet Union and Iran.[5]

To fully comprehend the significance of this “turning point” in Soviet-Iranian relations, a couple of key points must be addressed. First, this was the first time a Soviet Foreign Minister had visited the Islamic Republic of Iran since the revolution, which effectively showed that Moscow was serious about improving relations. Second, Shevardnadze was received by Ayatollah Khomeini who had formerly denounced the Soviet Union as one of the “foreign devils” and who now called
for “greater cooperation” against the “devilish acts of the west.”[6] Third, this visit was followed up in June 1989 with a trip to Moscow by Iranian Majlis Speaker Hashemi-Rafsanjani. While the invitation had been extended to Teheran for quite some time, it was finally accepted primarily due to decreased tensions over Afghanistan and Iran’s willingness to solidify relations. As a result of its war with Iraq, Iran desperately needed to rebuild its economy and its armed forces.[7] It is for this reason that the Soviet Union signed a number of major agreements with Iran to include the sale of arms. In particular, they agreed to provide Iran with “T-72 tanks, air defense equipment, sophisticated naval mines, MiG-29 and Su-24 aircraft, and ‘kilo’ class submarines.” In addition, they issued a joint communiqué stating that they had agreed to collaborate on the “peaceful use of nuclear energy.”[8] The events of the early 1990s also helped solidify the cooperative relationship between Iran and the Soviet Union. In particular, the United States military build-up and eventual Gulf War against Iraq created a security dilemma for Iran. During its war with Iraq, Iran had been fighting primarily with U.S. military equipment acquired during the Shah’s reign. However, Iran’s decision to turn against its “pro-western” stance after the revolution prompted the United States to terminate further sales of arms and parts. Following its war with Iraq, Iran’s military, particularly its air fleet, was severely degraded and in dire need of parts that were no longer able from the US. Even more, its western enemy now had a serious foothold in the Gulf as a result of Desert Storm. Consequently, these circumstances fueled Iran’s desire to regain its former military status in the Gulf as a means of defying the west while solidifying its dependence on Soviet military equipment.[9] Thus, the Soviets were more than willing to seal a one billion dollar arms deal with Iran in 1991.[10]

December 1991 to December 1999

With the collapse of the Soviet Union in December 1991, Russia faced a totally new domestic and international system. It suddenly found itself surrounded by 14 new states, six of which were Muslim; Armenia, Georgia, and Azerbaijan were located in Transcaucasia and Turkmenistan, Uzbekistan, and Tajikistan were located in Central Asia. The strategic importance of these states was of particular concern due to their proximity to both the Middle East and to Russia.[11] Over the years, Russia had worked extremely hard to establish good relations with Iran and the other nations in the Middle East. Now, the resurgence of Islam in these six states, coupled with an emergence of Islamic Radicalism, appeared to have given Moscow a much greater interest in seeking further cooperation with Iran.

Russia’s initial fears about Islamic Radicalism in these six states were put at ease for two reasons. First, Russia knew the Communist oppression of Islam during the Soviet era had significantly weakened it as a religion and there was little fear that an Islamic style revolution could take root. The second reason was that Iran had not given Russia any reason to doubt its intentions to maintain cooperation as “good neighbors.” Iranian President Rafsanjani was extremely careful not to alienate Moscow while the Soviet Union was breaking up and kept their economic ties at the forefront while downplaying concerns over Islam. In fact, he did not even recognize the independence of Azerbaijan (declared in November 1991) until after the Soviet Union had dissolved, unlike his Turkish counterpart. As a result, Russia believed Iran was acting responsibly and felt it would be in its best interest to continue supplying Iran with arms and maintaining good economic relations.[12] For in so doing, it would help to reduce the possibility of Iran furthering its interests in the region on the basis of a shared Islamic heritage.

While Russian and Iranian relations generally improved during the 1990s, its overall foreign policy under President Boris Yeltsin seemed inconsistent and disjointed. This was not totally unexpected considering that the 70-year old Soviet empire broke apart and somehow Yeltsin had to pick up the pieces and move forward. In general, his policies in the 1990s were aimed at improving relations with the west, maintaining relations with Iran in part to deter Iranian Islamic interests in Central Asia, generating hard currency from Arms and reactor sales, and to counter
NATO expansion.\[13\] While Yeltsin’s policies may have been disjointed at times, it must be noted that he faced tremendous internal pressure from various parliamentary groups that helped sway the direction of his foreign policy.

In 1992, Iran and Russia signed some contracts that would have a tremendous impact on their long-term relations. One of which was a significant arms contract valued between $4 billion and $10 billion dollars over the next five years. It appears that the items contained in this contract stemmed from the earlier 1989 agreement to sell arms, which consisted of three “kilo” class submarines, T-72 tanks, MiG 29 and Su-24 Aircraft, missile launchers and long-range guns. The second aspect of these contracts focused on Russia’s commitment to continue assisting Iran in the development of its steel and petroleum industries. Third, they signed an agreement to create a joint economic commission to further improve the economic aspect of their relationship. Finally, Iran reaffirmed its intent to approach Transcaucasia and Central Asian states “through the Moscow door” and not to promote Islamic radicalism there.\[14\]

President Yeltsin was desperately trying to reform the Russian economy, which was reflected in much of his foreign policy. As previously mentioned, he wanted to improve his relations with the west in addition to maintaining relations with Iran. Even though he was criticized by the west for selling arms to Iran, the Russian economy was in dire need of hard currency and he knew Iran had it to give more than any other nation in the Middle East. In fact, Russian Foreign Minister Kozyrev visited the Gulf Cooperation Council in April 1992 and stated, “We have created a huge military-industrial complex. And now we need to find profitable markets for selling Russian armaments.” He went on to state that “We had to assert ourselves in the region, to show that Russia remains a great power that is prepared to engage in mutually beneficial cooperation, that it is not standing there with an outstretched hand.”\[15\] The bottom line is that the Russians discovered that selling arms was a very lucrative business and was an excellent means of generating the “hard currency” so desperately needed back home. So they sold as much as they could, but only to the extent that it did not permanently damage their relations with the west. While President Yeltsin tried to find a delicate balance between Iran and the west, his critics back home attacked him for being too “pro-western” and felt he should take a more independent policy towards the Middle East.\[16\]

Although relations with Iran generally improved during the 1990s, the two countries did not always see eye to eye. The first such incident was President Yeltsin’s December 1994 decision to invade Chechnya. While Iran did react to this invasion and to the poor treatment of Muslims, its response was relatively weak which seemed to indicate a more pressing desire not to damage relations with Moscow. In fact, it probably had a lot to do with Moscow’s 1993 promise to sell nuclear reactors to Iran, which would satisfy a long-term desire to obtain nuclear technology.\[17\] This was followed by Russian contract in January 1995 to install an $800 million nuclear reactor at Iran’s Bushehr region.\[18\] This was a hot topic during the May 1995 Clinton-Yeltsin summit held in Moscow. In spite of President Clinton’s vehement criticism and concern over nuclear proliferation, Yeltsin would not back down on his commitment to sell nuclear technology to Iran.

Yeltsin’s other motive was to use this strategic relationship with Iran as a means of countering the eastward expansion of NATO.\[19\] The boldness of President Yeltsin’s position in response to western pressure not only affirmed Russia’s commitment to maintain closer relations with Iran, but also gained him a “political victory” back home.

Where hard-line critics claimed that he was too accommodating to western pressure, he used this situation as a way of “flexing” his political muscle back home. However, he did make some serious concessions to the west as indicated in a report published by the Heritage Foundation. The report states:

Vice President Al Gore and Russian Prime Minister Viktor Chernomyrdin on June 30, 1995 signed a confidential agreement that was supposed to limit Moscow’s sales of arms to Iran.
Russia agreed to supply only weapons specified under the 1989 Soviet-Iranian military agreements and promised not to deliver advanced conventional or “destabilizing” weapons to Iran. Finally, Russia agreed not to sell any weapons to Iran beyond December 31, 1999.\[20\]

Although this may have seemed like a blow to Russian-Iranian relations, the Russian pullout from Chechnya in 1996 and the 1997 delivery of three “kilo” class submarines and numerous other arms sold to Iran in 1992 seemed to negate any potential fallout.\[21\]

Surprisingly, the election of Muhammad Khatami as the President of Iran in May 1997 did have some effect on Moscow-Teheran relations as he opened up dialogue with the United States in a more liberal attempt at foreign policy.\[22\]

As the 1990s drew to a close, Russian-Iranian relations were strained at times, but were generally considered strong due to their economic ties. The Russian economic crisis of 1998 reaffirmed Russia’s desire to maintain all of its economic ties with Iran. This was especially critical since Iran had opened up dialogue with the west and Russia could not risk losing its economic foothold in the Middle East.\[23\] However, in August 1999, the Russians once again invaded Chechnya in an attempt to put an end to terrorist activities and Islamic extremism.

This time, however, Iran “publicly” stepped up its criticism against Russian actions as the intensity of the conflict escalated. The Iranian Foreign Ministry spokesman issued a public statement stating:

The Islamic Republic of Iran, while honoring Russia’s territorial integrity, does not regard violent and hostile acts as a suitable way of dealing with recent incidents in Chechnya and Daghestan. The government and people of Iran cannot but deplore the continued armed operation by the Russian troops in the Northern Caucasus.\[24\]

In response, Russian Foreign Minister Igor Ivanov “politely” responded in a similar statement that: “We are concerned over the attitude of Islamic countries to the events in Chechnya. However, it is a domestic Russian problem, and we intend to settle it independently, without any aid or interference.”\[25\] While Iran “publicly” acknowledged the injustices that were being done to the Muslims abroad, it knew that it could not sever ties with Russia, primarily due to its desire to get its Bushehr nuclear reactor completed in the years beyond 2000. Consequently, Russia had reasserted itself once again at the end of the 1990s as a great power by defying outside interference in its “domestic” affairs.

**December 1999-Present**

As 1999 came to a close, Russian-Iranian relations would take a turn for the better as Vladimir Putin succeeded Boris Yeltsin as the President of Russia. Putin’s actions were very clear and there was no mistake that he intended to maintain his close relations hip with Iran. While Yeltsin’s relations with Iran seemed to be politically motivated, Putin chose to emphasize relations with Iran as more of an economic business venture.\[26\] In addition, Putin also acknowledged that greater cooperation with the west was going to be necessary as he pursued economic relations with both Iran and the international community.\[27\]

In November 2000, President Putin took a significant step towards boosting Russia’s relations with Iran by renouncing the 1995 “Gore-Chernomyrdin Agreement” not to sell conventional arms to Iran.\[28\] This cleared the way for Russian Defense Minister Igor Sergeev to visit Teheran in December 2000 to discuss the resumption of arms sales. This trip was significant in that it was the first time a Russian Defense Minister had visited Iran since the 1979 Islamic Revolution. In sum, Sergeev and his counterpart discussed arms sales over a 10 year period valued at more
than three billion dollars. In addition, Sergeev dismissed western pressure by indicating that Russia would conduct its affairs as a means to accomplish its own ends.[29]

Following Sergeev’s visit to Teheran, Iranian President Khatami accepted Putin’s offer and made an official visit to Moscow in March 2001. Of particular importance, Khatami indicated his desire to purchase more diesel-powered submarines in an attempt to boost his naval power in the Gulf.[30] In addition, he also expressed interest in acquiring TOR-M1 surface-to-air missiles and possibly an additional nuclear reactor.[31] While this was good news for the Russians, they were again criticized by the west for considering sales of such type. For the Russians, it was purely a matter of economics (at least on the surface). They inherited a large arms industry from the Soviet Union and planned to use the revenue from military sales as a means to reinvest in advanced technology.

While their economic ties continued to strengthen, Russia faced other events in 2001 that affected its foreign policies. The first event was the September 11, 2001 terrorist attacks on the U.S. World Trade Centers and Pentagon. In spite of his differences with the west, Putin reached out and embraced the American call to support a coalition against terrorism.[32] In some ways, this placed Putin in a precarious situation since the United States had labeled Iran as a member of the “axis of evil” due to its sponsorship of international terrorism.[33] Though he did not give in to western pressure, Putin did try to work a delicate balance between his relations with the west and Iran.[34] The second event was when Russia “officially” ended its second Chechen campaign and began pulling its troops out of Chechnya in December 2001. While it was a welcomed move by Teheran as a means or reducing tension over the treatment of Muslims, Russian troops still remain which could someday serve as an added source of friction between the two nations.

In terms of their economic cooperation, the Caspian Sea has been both a region of great importance and a source of friction for Russia and Iran. In April 2002, Turkmenistan hosted the first summit of the Caspian nations in an attempt to gain resolution on how to divide its resources between the five bordering nations.[35] Although both Presidents Putin and Khatami were present, the summit did not produce any meaningful agreements on how the Caspian should be segregated. Iran, which only controls 13 percent of the Caspian’s shoreline, proposed that the division should be an equal 20 percent for each nation. Russia on the other hand, proposed a division based on their shoreline boundaries.
Without a full consensus on its division, it is unlikely that the vast resources of the Caspian will be unlocked by Russia, Iran, or the other three ordering nations.[36] In spite of this setback, Putin stated, “Russia’s relations with Iran have strengthened, and he said Russia decided to participate in the Caspian summit after he talked to the Iranian leader during Khatami’s recent visit to Moscow.”[37]

Ties have also been solidified in other economic areas:

1. First, the Bushehr nuclear reactor project is of strategic importance to both Russia and Iran; it has a large economic impact for Russia and has provided Iran with the nuclear technology it has been longing for. In response to western criticism, Iranian Foreign Ministry spokesman Hamid Reza Asefi invited the United States in June 2003 to take part in the building of its nuclear reactor as a means of alleviating tensions over the production of nuclear weapons. While the Iranian supreme leader may not allow it and the U.S. sanctions against Iran may not permit such contracts, the gesture seemed appropriate given the fact that the Bushehr Nuclear Reactor project was moving forward and both Russian and Iran wanted international support.[38]

2. Second, an agreement was signed between Iran’s Automotive Industry Development Company and Russia’s Ulyanovsky Avtomobilny Zavod to export automotive parts to Russia on November 5, 2003.[39]

3. Third, Russian, Iranian, and Azerbaijani railway executives signed an agreement in May 2004 to build the Kazvin-Resht-Astara rail link to connect the three countries. In addition, Russia pledged to build a rail link through Azerbaijan and Iran that would connect Russia to the Persian Gulf. This rail link is expected to rival shipments through the Suez Canal and generate $10 billion revenues shared primarily between Russia and Iran.[40] Some of these agreements may not seem that significant, but they do serve as a sort of litmus test that reaffirms Russia’s commitment to improved relations.

While their economic ties seem to be improving, clearly the capstone of their current economic cooperation centers on the construction of a nuclear reactor at Bushehr.
After a meeting with Iran’s Security Chief, Hasan Rowhani on February 18, 2005, Putin stressed to the international community that he was convinced that “Iran does not intend to produce nuclear arms.”[41] A few weeks later, Putin met President Bush at the Bratislava Summit and reiterated his unwavering support for selling nuclear reactors to Iran and also indicated his plans to visit Iran later in the year.[42] If and when this happens, it will be the first time that a Russian head of state visited Iran since before the Islamic Revolution of 1979. Immediately following this summit meeting, Russia signed an agreement to provide Iran with the nuclear fuel necessary to power the Bushehr reactor, with the stipulation that spent uranium would be returned to Russia as a means of negating the potential proliferation of nuclear weapons.[43] Thus, in the face of extreme international pressure to halt its cooperation with Iran on the Bushehr nuclear reactor, Russia has remained defiant. As will be discussed, this will likely serve as the basis for future cooperation.

**Conclusion: Outlook for Future Cooperation**

In spite of mounting international pressure over its nuclear reactor sales, Russia’s future outlook for cooperating with Iran appears promising. While looking at the “Russia” inherited by President Putin, the one thing that clearly stands out is its lack of hard currency. Consequently, it’s no surprise that reforming the Russian economy appeared to be one of Putin’s top priorities after taking over the Presidency. And how did he intend to do this? As any good businessperson would do after taking over a large corporation—streamline operations and improve profitability. In general, a new CEO might evaluate the assets on hand (inventory), look for possible markets to liquidate those assets (revenue generation), and then evaluate the profitability of various aspects of their business (streamlining operations). This is in essence the same strategy that President Putin employed in Russia. He knew Russia had inherited a tremendous industrial base from the Soviet Union, although aged, and planned to use it as a means of generating revenue. He also realized that there were some untapped markets, particularly in the Middle East where western influence was the weakest, that Russia could sell its arms and nuclear technology to. In pure economic terms, he has been following a basic formula of supply and demand.

Coincidentally, it should be no surprise why Putin quickly pulled out of the 1995 Gore-Chernomyrdin agreement. Iran was not only a willing buyer of Russian goods, but generally had enough hard currency on hand to pay for the transactions. In addition, Putin’s unwillingness to back down from selling nuclear reactor technology to Iran can also be explained by his desire to maintain Russia’s economic ties with its “friendly neighbor” to the south. While criticism abounds, it should be noted that Russia does have a vested interest in preventing Iran from obtaining nuclear weapons. With its current missile delivery platforms, Iran could easily reach targets within Russia if it chose to do so. To make matters worse, the entire Gulf region would be destabilized if Iran had nuclear weapons. In fact, as stated in a Heritage Foundation Report:

Some Russian officials, however, recognize that cooperation with Iran has its limits. As arms control expert Alexei Arbatov, Deputy Chairman of the Duma Defense Committee, has warned, technology transfers to Iran may backfire. Within 10 to 15 years, he predicts, Russian technology could be used by radical Islamic terrorists or in Iranian, Algerian, Saudi, Egyptian, and Libyan missiles and other weapons aimed at Russia.[44]

With concerns such as these, it appears that Russia does realize the inherent risks related to its reactor sales and will take great care to ensure that all spent uranium fuel is accounted for. In the meantime, Russia will continue to reap the economic benefits of its relations with Iran.

By evaluating the economic data, it is easy to see how lucrative the Iranian markets are for Russia and their relative importance. In 2003, Russia was the second largest arms supplier in the world after the United States, bringing in nearly $4 billion in yearly sales. In addition, Russian nuclear technology and fuel generated equivalent sales through Russia’s nuclear agency,
MinAtom.[45] Granted, not all of these revenues came directly from Iran, but these figures illustrate the significance that these types of markets have on the Russian economy. Thus, it stands to reason that Russia will continue strengthening its relations with Iran as long as the short-term benefits outweigh the risks associated with such a venture. This is especially true when one considers the great lengths at which Russia has gone to solidify its relations with Iran over the past few decades. If the United States is serious about preventing and or curbing Iran’s quest for nuclear weapons and/or technology, it must target these markets one by one and make cooperating with Iran less attractive. Money talks and this is appears to be one of the main reasons Russia continues to support Iran.

About the Author

Major Edward A. O’Connor is an Airfield Operations Officer attending the Naval Post Graduate School as part of the Air Force's Intermediate Developmental Education Program, where he is a student in the Russia and Eurasia studies curriculum. He is currently in his fourth of six quarters. In his thesis, he is investigating the rationale for Russia’s continued nuclear cooperation with Iran and the implications this will have on U.S. Policies to curb nuclear proliferation.

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