
12. Iran and Russia: neighbours without common borders

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1. Introduction

Most countries engage in cultural, social, economic and political exchanges via land and sea with their neighbours. Two countries are perhaps exceptional in terms of the large number of countries neighbouring them. These two are Iran and Russia.

A glance at the two countries' geography indicates that Russia's vast territorial expanse and Iran's special location have given them (taken together) borders with 15 other states. They are also exposed to the disadvantages and threats inherent in having such extensive borders.

Russia is a Euro-Asian country, the largest country on earth with the richest natural resources, and it includes the areas which have been called the 'Heartland'.¹ Iran is a Middle Eastern and Asian country, a bridge linking western Asia, Central Asia and the Middle East. It is characterized by huge oil and gas resources, impenetrable mountains and access to the warm waters of the Persian Gulf. Its importance derives not only from its geopolitical position but also from its political significance and centrality in the Islamic world.

Historically, Persia (as it was until 1935) was nervous of its powerful northern neighbour. During the 19th century Britain and Russia were the unquestioned authorities controlling Persia's economic and political fate. After World War II Iran maintained friendly relations with the Soviet Union but preserved its distance. Under the Shah and after the oil price shock of 1973 the USSR benefited from profitable projects in Iran. The changes in Iranian society before the Islamic Revolution were not properly understood in Moscow, but after the revolution the Russian Ambassador was the first foreign ambassador to be received by Ayatollah Khomeini.

At the outbreak of the 1980–88 Iraq–Iran War, Iran believed that Iraq, which was a close ally of the Soviet Union, could not have dared launch the invasion of Iran without its permission. Relations received further setbacks with the Soviet Union's invasion of Afghanistan in December 1979 and its express support for Iraq in 1982 as the war continued. In 1986, however, Iran displayed a desire to improve its ties with the Soviet Union. By sending First Deputy Foreign Minister Georgy Kornienko to Tehran, by establishing a permanent commission for economic cooperation in Tehran and by agreeing to purchase

¹ See chapter 10, section I, in this volume.

more Iranian gas in 1987, the Soviet Union also showed that it was pursuing a balanced policy in the region. In 1986 and 1987 the Soviet Union opposed the US-sponsored resolution to impose an embargo on Iran for continuing the war with Iraq. After the 1988 ceasefire, Iran and the Soviet Union expressed common concern at the widespread presence of US troops in the Persian Gulf. It was then that Soviet President Mikhail Gorbachev understood Iran's strategic significance, which was in no way comparable with that of Iraq.² Ayatollah Khomeini sent a message to Gorbachev in 1989 which showed that the Soviet Union had a special position for him. He never again directly addressed the leader of any other country.

The Persian Gulf War brought Iran and the Soviet Union closer; both supported the UN Security Council's resolutions. On the other hand they were among the few countries which had diplomatic ties with Baghdad and neither joined in the military action against Iraq.

In August 1991, a coup was attempted against Gorbachev. Despite the opinions to the contrary of a number of radicals in Tehran, Iran refused to support the coup. A month later Yevgeny Primakov travelled to Tehran as Gorbachev's envoy. He called for further cooperation and asked Iran to extend the deadline for repayment of Soviet debt for Iranian gas. Iranian Foreign Minister Ali Akbar Velayati travelled to Moscow in late November 1991 and signed a memorandum of understanding with Foreign Minister Eduard Shevardnadze and Deputy Prime Minister Yegor Gaidar. He then travelled to Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Azerbaijan and witnessed these republics' desire for closer relations with Iran.

Less than a month later at Belavezh, near Minsk, the Soviet Union came to an end and the Commonwealth of Independent States (CIS) was created. With that announcement the Soviet empire was buried 'in the museum of political history', as Ayatollah Khomeini termed it in an earlier letter to Gorbachev. No empire had ever disintegrated so rapidly.

II. The present situation

The dissolution of the Soviet Union was the biggest event in the history of Iranian foreign policy.³ The emergence of eight states as a buffer between itself and Russia was a very positive development for Iran, because these countries either were influenced by Iranian culture, literature and traditions or enjoyed a common language and ethnic origin with the Iranian people. Six of them, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, are Muslim, while Armenia shares a deep-rooted common culture with Iran and the Nakhichevan Autonomous Republic is Muslim.

² Rubinstein, A. Z., 'Moscow and Tehran: the wary accommodation', eds A. Z. Rubinsten and O. M. Smolansky, *Regional Power Rivalries in the New Euroasia: Russia, Turkey and Iran* (M. E. Sharpe: New York and London, 1995), p. 29.

³ Rubinstein (note 2), p. 26.

At no time . . . have Moscow and Tehran been so close. Russia and Iran do not threaten each other from the military point of view. Both avoid allowing developments in other countries to influence their bilateral relations. I do not think Russia or Iran would wish to violate the territorial integrity of the other or intend to make new border demarcations. Neither of them has committed itself to or is party to treaties that threaten the other. They are exploiting all resources to boost commercial and economic cooperation. They are working with full trust in the military, technical, and atomic energy fields. Moscow and Tehran are continually consulting with each other on political matters, and no subject remains untouched in their dialogue. The two states hold close positions on many international issues, and this lays the ground for stronger cooperation between them in the international arena. Relations between them have opened new avenues for collaboration, which is inter-city relations. We have left behind the cold war era and have no more apprehension about information or propaganda or problems in the issuing of visas. In general, the two states enjoy normal ties in an atmosphere of good-neighbourliness, and the leaders of the two countries are satisfied with the nature of relations.⁴

III. The Russian elites

Relations with Iran and areas of cooperation with it are a lively topic of discussion in Moscow. Diverse opinions are expressed by the Russian elite, politicians and state administrators. Although the Russian Ambassador to Tehran believes that 'Russia's policy vis-à-vis Iran is above faction and all parties and political groups in that country are united in their will to expand good-neighbourly relations and extend mutual collaboration with Iran',⁵ there are five different approaches among the Russian elite.

The first is the approach of the staunch supporters of the West. This group believes that the only way to rescue Russia is to comply fully with US foreign policy. It believes the analyses of the Western media and therefore misunderstands the Islamic states and Islamic fundamentalism and opposes relations between Russia and Iran. It considers Iran a totalitarian state and opposes closer ties with countries which do not enjoy a good image in the West. Among this group are former Prime Minister Yegor Gaidar, Duma Deputy Sergey Kovalev and former Head of the Presidential Administration Sergey Filatov. During the first two years after the break-up of the Soviet Union, the group of Russians known as Euro-Atlanticists, who supported Russia's merging with the West, held the upper hand in politics. The Foreign Minister of the time, Andrey Kozyrev, was one of this group.⁶ He considered non-Western states as second-rate and avoided any dialogue with those countries which created problems for the West.⁷ More serious is the warning by Alexei Arbatov, a scholar and

⁴ Shevaley, K., [The present and future condition of relations between Iran and Russia], *Mutaleaate Asiai Markazi va Ghafghaz* [Central Asian and Caucasus studies] (Tehran), no. 12 (winter 1995), p. 95 (in Persian). Shevaley is currently the Russian Federation's Ambassador to Iran.

⁵ Konstantin Shevaley, interview with *Khorassan* newspaper, 21 Sep. 1998.

⁶ Freedman, R. O., 'Russia and Iran: a tactical alliance', *S AIS Review*, summer/fall 1997.

⁷ Hunter, S., [Iran, Russia and former Soviet southern republics], *Goftogoo Magazine* (Tehran), 1997, p. 57 (in Persian).

Deputy Chairman of the Committee on Defence of the State Duma (the lower house of the Russian Parliament), that support for Islam against the West 'would most probably be self-destructive for Russia, stirring up Muslim fundamentalism, separatism, and terrorism in the North Caucasus, Central Asia, Kazakhstan, and along the Volga River, and involving Russia in bloody and hopeless military involvements across its entire southern rim'.⁸

The second is the approach of realistic pro-Western, 'new Euro-Asian' group. It gives priority to ties with the West and believes that Russia must refrain from confronting the West and should establish cordial relations with it, but also that the West is not the ultimate authority, and it does not blindly support US allegations against other countries. It believes that after the end of the cold war the West is continuing its efforts for more gains in its own interests and that relations with Iran could serve as a means to put pressure on the West. In other words, it believes that the end of ideological rivalry between Russia and the West does not mean the end of the two sides' rivalries in other areas. The implication for Russia's policy towards Iran is that Russia will cooperate with Iran as far as this serves its interests, and when this fails to produce good results it should adopt other policies.⁹ There is some opposition on the part of this group to the nuclear reactor deal with Iran: Alexey Yablokov, a former member of the Russian Security Council and head of its Interdepartmental Commission for Ecological Safety, was the most senior opponent of the deal.¹⁰

The third is that of the realistic democrats. They base their opinions on Russia's political and economic interests and state openly that in many areas Russian interests conflict with those of the West. They also believe in the multipolar system in the world and the need to establish ties with more and more countries. They believe in the global right to interfere in the domestic affairs of states which violate human rights or support terrorist activities, as with Afghanistan or Iraq, but only after decision of the UN Security Council. Adherents of can be found in the scientific and research institutions, among the average administrators in the Foreign Ministry, in the government and in the President's Office. The former Prime Minister, Yevgeny Primakov, was one of this group. As Director of the Institute for World Economy and International Relations (IMEMO) and even as a student learning Arabic he was aware of the importance of the Middle Eastern countries.¹¹ He had long experience of cooperation with Iran.

The fourth is that of representatives of manufacturing industry and of the old Soviet elite, the men of the old system who have preserved their status under the new conditions, managers of the defence industries and their employees, bankers and administrators of trading institutions. These people do not care

⁸ Arbatov, A., 'Russia's foreign policy alternatives', *International Security*, vol. 18, no. 2 (fall 1993), p. 36.

⁹ *Politika*, special report on relations between Iran and Russia, Moscow, 6 Mar. 1998, translated into Persian by the Iranian Embassy in Moscow.

¹⁰ Golan, G., *Russia and Iran: a Strategic Partnership?*, Discussion Paper no. 75 (Royal Institute of International Affairs: London, 1998), p. 46.

¹¹ Hunter (note 7), p. 58.

whether the USA has banned investment in Iran's oil and gas or what pressure is exerted by Israel over the construction of the Bushehr nuclear power plant. Viktor Mikhailov, Minister of Atomic Energy, and Deputy Minister Yevgeny Reshetnikov are in this group.

Finally there is the approach taken by Iran's supporters. Iran has particular advocates in Russia. Some, such as Gennady Zyuganov, the leader of the Communist Party of the Russian Federation, and nationalists like Vladimir Zhirinovskiy, favour Iran's anti-US stance and resistance to US pressure. Others have known and loved Iranian culture and civilization. There are also some Muslims who prefer relations with Muslim states. In 1992, political commentator Andrannik Migranian said that, since the West is supporting Turkey to expand its influence in the Caucasus, Russia must support Iran and Armenia.¹²

IV. The Iranian elites

Iranian elites mostly favour Russia.

The first group considers Russia as Iran's 'number one' partner or strategic ally. Most prominent is former President Akbar Hashemi Rafsanjani. When visiting Moscow in 1989 before he became president, he was able to turn Iraq's long-time ally into a strategic partner for Iran. His Foreign Minister, Velayati, had travelled to Moscow earlier and made arrangements for a long-term economic, commercial, scientific and technical cooperation agreement lasting until 2000. At the same time the two sides agreed to build the Mashhad–Sarakh–Tajan railway, which was inaugurated in 1996 by Iran and Turkmenistan in the presence of the majority of leaders in the region. Rafsanjani also laid the foundation for continued meetings between Iran and Russia. These meetings seem to be continuing. Iran had defence agreements on its agenda.

The second group, although believing in the importance of Russia as a neighbour, believes that defusing tensions with the industrialized states is the key to solving Iran's economic problems and insist on good-neighbourly but not strategic ties with Russia.

The third group holds that the disintegration of the Soviet Union will continue but inside the Russian Federation. They maintain that Russia is too weak to solve its own domestic problems and that closer ties with Russia cannot help the Iranian economy. It must not be forgotten that the present stalemate in the negotiations for the Caspian Sea legal regime¹³ has been caused by the double standards of Russia's policy.

V. Cooperation at the international level

Relations between Iran and Russia have had international impact. It can even be said that their close ties have played a role in the improvement and enhance-

¹² Migranian, A., [Real and illusory guidelines in foreign policy], *Rossiyskaya Gazeta*, 4 Aug. 1992.

¹³ See section VI in this chapter.

ment of international relations generally. After the end of the cold war, the USA set out to convince the world that it needed US leadership. It interfered in every dispute in the world as if international problems were referred to it and resolved them in such a way as to protect its own interests and those of its allies and to institutionalize new approaches for use in the future. For that reason relations between Iran and Russia are important in three respects at the international level.¹⁴

The first and most important effect has been their impact on restructuring the international political set-up and the general shape of relations between countries. Russia, by refusing to bow to the pressure exerted by certain Western countries to change the scope of its ties with Iran, and Iran, with its resolve to maintain special ties with Russia, have once again stressed the need to follow established principles in international relations.

With the world on the threshold of the 21st century, and with a new form of interstate relations beginning to unfold and new regulations being formulated to govern international behaviour, the slightest move or reaction in the international arena which remains unanswered might be converted into an acceptable norm in relations among the nations.

A second beneficial effect has been to challenge the arbitrary use of the concept of states' vital national interests. In the 'new world order', some countries have begun to consider distant regions, such as the Persian Gulf, the Mediterranean area, the Black Sea and recently the Central Asian republics, as part and parcel of their own vital interests. This does not conform with the current distribution of power in the international system and conflicts with new norms which are needed for the new century. What the 21st century needs and what the global community has anticipated is broader international relations and cooperation rather than a politics of influence and acquisition of interests.

Russia is aware of the objectives behind some of these suggestions for a balance of interests instead of a balance of power and will not heed them.

The third effect of relations between Iran and Russia concerns expanded economic collaboration at the international level. None of the promises made by the West to those countries which are changing their economic systems has borne fruit as yet. Although great privileges and assistance have been promised to Russia to mend its economy, this aid in no way corresponds to the country's needs. Iran's move towards a liberal and internationalized economy and expanded relations has not been supported. On the contrary, one of the familiar problems of this transition has been the effort to weaken its position and credit. This hostility has been augmented by sanctions and economic sabotage to prevent Iran from absorbing capital and technology or expanding its economic links with other countries. Against this background, economic collaboration is in the mutual interests of Iran and Russia.

¹⁴ Maleki, A., 'Dournama-ye ravobat-e Iran va Russiye ta sal-e 2000' [Prospects of relations between Iran and Russia until 2000], *Mutaleaate Asiai Markazi va Ghafghaz* [Central Asian and Caucasus studies] (Tehran), no. 12 (winter 1995), p. 8 (in Persian).

VI. Cooperation at the regional level

Before independence in 1992, the Soviet republics in Central Asia and the Caucasus had no alternative but to cooperate with Russia. Immediately after they gained independence, however, countries near and far away offered to work and cooperate with them.

One of these countries was Iran, which was very attractive from the perspective of historical background, cultural, ethnic and linguistic commonalities, its geographical location and its readiness to collaborate with the former Soviet republics. On the other hand, although these republics had obtained their independence without bloodshed and with Russia's blessing, signs of displeasure on the part of Russian statesmen appeared whenever they tried to cooperate with countries other than Russia. For example, President Boris Yeltsin's then adviser Sergey Stankevich said in 1992 that the former Soviet republics should remain under Russia's economic, political and cultural influence.¹⁵

When the initial tumult and anxiety was over and the Russian Government had achieved stability, Russia understood that Iran was not interested in promoting tension in Russia but was rather supporting the Yeltsin camp in Russian politics with patience and foresight. This approach and three strategic considerations convinced the two countries to act as allies and not rivals in the region. The strategic considerations were, first, that both countries were facing the increased influence of the West in the former Soviet republics, an influence which was advancing like an avalanche; second, that both were threatened by a unified Turkish-speaking front led by Turkey; and, finally, that both and particularly Russia were anxious about inclination of the newly independent states that were formally part of the Soviet Union to escape from Russia's influence. They were especially concerned to protect their frontiers. For these reasons, from 1994, the two countries tried to work together to solve regional disputes.

Collaboration to solve regional crises

One striking characteristic of recent relations between Iran and Russia is their broad dimensions.

Regional cooperation was a new experiment to display the strength of the newly formed ties. There were complex problems in the region, each of which could have had a negative impact on the new ties between the two states. For some time there was the question whether Iran and Russia were rivals for influence over the new republics; they were believed to be pursuing policies of confrontation with each other. Thanks to extra effort, self-restraint and the sagacious policies adopted by both, confrontation and rivalry were replaced by cooperation to establish peace and tranquillity in the region. This removed many anxieties about the intentions of the two parties.

¹⁵ Hunter (note 7), p. 61.

Close cooperation between them in the Tajik peace negotiations, the taking of parallel steps to establish a ceasefire between Armenia and Azerbaijan and even defuse internal tensions in Georgia, and the support of both Iran and Russia for a general peace and stability scheme in the region are examples of this change in behaviour.

Without the active involvement of Iran and Russia in the Tajik peace talks, national reconciliation in Tajikistan would have hardly been achieved.¹⁶ Tajikistan, which borders on Afghanistan and China, is an important backyard for Russia's security. Russia is anxious about drug trafficking, growing insecurity and the presence of armed rebel groups in the Central Asian republics and Russia. It announced, that under the May 1995 Agreement on Cooperation and Mutual Assistance between itself and Tajikistan, it was concerned with the protection of Tajikistan's border with Afghanistan in the same way that it protected its own borders. Under that treaty, Russia deployed its 201st Motorized Rifle Division in Tajikistan, while Russian border troops patrolled the Tajik borders.

Under very difficult conditions, Tajikistan succeeded in overthrowing its communist government in 1992 and forming a coalition government. Some of its neighbours, however, were dissatisfied with the involvement of Islamic groups in the government. It was eventually toppled under military pressure from Uzbekistan and a native of the Kulab region, Imomali Rakhmonov, became president. Following the change of government, many people left the Tajik cities and headed for northern Afghanistan. Border skirmishes, war and armed conflict continued in the cities and mountainous regions.

Thanks to Russian influence over the Tajik Government, Iran's direct links with the opposition leaders and particularly the Islamic militia, and patient and continued collaboration between Iran and Russia and at times the UN, a peace agreement was finally signed between the Tajik Government and the opposition in June 1997 and the National Reconciliation Commission was formed. Since then the two sides in Dushanbe have worked in concert. The successful Iranian–Russian diplomacy over Tajikistan is an example of cooperation instead of rivalry in the Central Asian region.

'Iran refused to support the separatists in Russia.'¹⁷ The fact is that Iran showed unbelievable restraint with regard to the Chechnya dispute. Despite the fact that it was a pioneer supporter of Muslims and freedom movements around the world, it was Iran's opinion that the question of Chechnya should be solved within the framework of the norms of the Russian Federation. Iran was concerned at the hostility of the Russian soldiers in the northern Caucasus but repeatedly urged Russia to solve the Chechen problem in a way that benefited the local people. Iranian statesmen were aware of increased Russian sensitivity towards Iran's behaviour in the Caucasus: for example, President Yeltsin complained to Velayati about the presence of an Iranian citizen at the ceremony in which Dzhokhar Dudayev took the oath of office as President of Chechnya, a

¹⁶ See also chapters 7 and 8 in this volume.

¹⁷ Fomenko, A., [Moscow–Tehran axis as a political reality], *Mutaleaate Asiai Markazi va Ghafghaz* [Central Asian and Caucasus studies] (Tehran), fall 1997, p. 107 (in Persian).

ceremony that Yeltsin termed a 'coronation'. At the same time Iran was not fully aware which countries supported the Chechen fighters and what the object behind that support was.

Exploitation of the Caspian Sea oil and gas reserves

Another important subject which has called for wider cooperation between Iran and Russia in the region is the exploitation of the Caspian Sea oil and gas resources. There are three problems. First, the legal regime for the Caspian Sea is not decided. Second, the close regional cooperation which Iran and Russia believe is necessary to bring peace and stability to the region has not definitely started. Third, some Western powers are looking for an opportunity to fill the power vacuum in the region in order to secure their own interests, but since their true objectives are not known such moves are viewed with anxiety and mistrust by Iran and Russia.

In all these fields, Iran and Russia have good political and ideological coordination. However, two steps are necessary. First, arrangements must be made to adopt acceptable principles and norms for cooperation between the Caspian Sea littoral states. Second, solutions must be found for the cooperation of regional states with third-party countries in the exploitation of the oil and gas in a way that can benefit all littoral states and relieve related anxieties. One major anxiety is that, if the littoral states fail to adopt suitable policies for the exploitation of oil and gas reserves, Western powers will damage the region's interests.

Until early 1998 Russia, like Iran, called for a suitable and generally acceptable legal regime for the Caspian Sea.¹⁸ Russia believed that until a common agreement on a legal regime was reached the provisions of the 1921 Treaty of Friendship between Iran and the former Soviet Union and the 1940 Trade and Navigation Agreement between the two countries should remain binding.

On 27 March 1998, Russia's First Deputy Foreign Minister Boris Pastukhov expressed new opinions in this regard. These were presented by a Foreign Ministry official because since 1992 the Ministry of Fuel and Energy, as well as the big oil and gas companies, had been taking part in Caspian Sea oil projects irrespective of the ownership of these resources. Pastukhov said that the Russian Federation agreed with the division of sea-bed reserves on condition that: (a) demarcation lines should be laid equidistant from the opposing shores; (b) differences should be settled with the collective agreement of the five littoral states; and (c) the sea level should be calculated as of 1 January 1998 on the basis of satellite images. Reporting Pastukhov's statements, ITAR-TASS added: 'Pastukhov reiterated his view that the sea's waters should remain in common use "to ensure free navigation in the Caspian Sea and observe ecological norms for the sake of preserving the sea's biological resources"'.¹⁹

¹⁸ Tarooek, A., 'Iran and Russia in strategic alliance', *Third World Quarterly*, vol. 18, no. 2 (1997).

¹⁹ 'Russian diplomat sets out Moscow's blueprint for Caspian', BBC News /Monitoring, 27 Mar. 1998, 21.32 GMT, URL <<http://news2.thdo.bbc.co.uk/hi/english/world/monitoring/newsid%5F70000/70737.stm>>.

Following this statement, Boris Yeltsin and Kazakhstan's President Nursultan Nazarbayev made an agreement in July 1998 dividing the sea-bed resources in the northern part of the Caspian Sea.²⁰ The document recognizes the sea borders between the two countries in the Caspian Sea and fixes their boundaries. Iran condemned the deal and said it was not legally valid. It insisted that the Caspian Sea legal regime should first of all be acceptable to all littoral states and should address all issues, including the sea-bed resources and the sea level.

Russia wishes to have two different regimes—a division of sea-bed oil profits but common use of the water resources and the sea surface for shipping—because it will benefit. It fears that with the arrival of Western countries and companies in the region it will be deprived of profits from the export of oil and gas. For this reason Russian oil companies are hurrying to participate in oil and gas exploitation in the Caspian Sea. On the other hand, a common legal regime will permit Russia to benefit from the 1921 and 1940 treaties. The most important issue in that connection is Russia's security. A general division of the sea will confine the Russian fleet to shallow waters north of 44 degrees, whereas under the two treaties it can navigate the Caspian Sea and reach every port unobstructed.

The two treaties have served until now as the basis of free navigation on the Caspian. Other aspects such as fishing, protection of the ecosystem and use of the upper layers of the sea also call for common use of the waterway.

The presence of foreign troops in the area is another cause for concern for both Iran and Russia. A series of military exercises, 'CentrasBat-97', held in September 1997 by the Central Asian Battalion, with troops from Kazakhstan, Kyrgyzstan, Uzbekistan and the USA, was opposed by both Iran and Russia, and a proposal by Azerbaijan to invite the USA to establish a base at Apsheron on the Caspian was another incentive for the two countries to continue to respect their 1921 Treaty of Friendship.²¹ This treaty banned the presence of foreign troops in the region.²²

With regard to oil resources in the Caspian Sea, two points are of importance for Iran. First, the volume of resources has been grossly exaggerated by the oil companies from the beginning. The amount is one-fifth of that originally predicted.²³ For Iran, which possesses giant inland and offshore oil reserves in its south and can exploit and export them far more cheaply than it can reserves in its north, it is easy to remain patient. Second, because of Iran's desire for close cooperation with Russia and the other CIS states, the most suitable legal regime for the Caspian Sea is common or condominium exploitation of the waterway.

²⁰ 'World in Brief', URL <<http://www.washingtonpost.com/wp-srv/Wplate/1998-97/07/0961-070798-idx.html>>; and 'Russia and Kazakhstan to divide Caspian', BBC News/Europe, 9 Apr. 1998, 17.30 GMT, URL <<http://news2.thdo.bbc.co.uk/hi/english/world/europe/newsid%5F76000/76293.stm>>.

²¹ Goltz, T., 'Crying wolf or crying bear?', *JINN Magazine*, 1 Feb. 1999.

²² Maleki, A., 'US aims to contain Iran and Russia', *Tehran Times Daily*, 3 Feb. 1999.

²³ 'Think-tank plays down Caspian oil, gas', BBC News/SW Asia quoting a report of the International Institute for Strategic Studies, 23 Apr. 1998, 16.11 GMT, URL <<http://news2.thdo.bbc.co.uk/hi/english/world/s/w/%5Fasia/newsid%5F82000/82761.stm>>.

Should such a regime contain a provision to demilitarize the Caspian Sea, Iran, while possessing a border with Russia for commerce, will feel more comfortable. Should the sea be divided, Iran's direct link with Russia will end. However, a division would have a positive impact on Iran's security.²⁴

The ECO and the CIS

In other fields of cooperation, such as with the Economic Cooperation Organization (ECO), which includes six former Soviet republics,²⁵ there are some questions to be answered.

At one time it was believed that the economic plans introduced by Russia for the CIS conflicted with that of the ECO and that the two organizations were possibly mutually exclusive. When in 1992 all the Central Asian and Caucasian former Soviet republics, except Armenia and Georgia, were considering joining the ECO, Sergey Shakhray, an influential deputy in the Supreme Soviet, warned them either to stick to Russia or to choose one of their southern neighbours as their trade partner.²⁶ Sound reasoning and political foresight prevailed in the ECO. The ECO was a complementary institution that could undo the ill effects of years of lack of contacts in the whole region and it was even immediately understood that without developing road networks, improving trade, expanding transport facilities, improving monetary transactions and establishing necessary infrastructure it was impossible to boost economic cooperation in the region as a whole in a way that could benefit Russia as well.

The CIS is a loose and weak organization. Some of its member states are very backward. Because of their structural and infrastructural dependence on Russia, none of the other member countries is willing to sever ties with Russia completely. Boris Berezovsky, then Executive Secretary of the CIS, believed that membership should not be confined to the former Soviet republics but that efforts should be made to attract new members. 'Russia can invite a number of other countries to join the Organization, among which the first is Iran, because CIS member states have remarkable capacities for cooperation with Iran.'²⁷

Other economic relations

Another step taken by Iran to expand its relations within the region has been to complete roads connecting the north of Iran to the south. With the completion of these road networks new and exceptional facilities will be created for transport and trade exchanges between the Central Asian republics and Russia.

Such collaboration between Iran and Russia has linked Russia and the Central Asian republics to the Persian Gulf. Iran is interested in playing an active role as a corridor in the Persian Gulf for the transit of Russian and Central Asian

²⁴ Maleki, A., [A review of Russian behaviour on the Caspian Sea], *Qods Daily* (Tehran), 13 Aug. 1998 (in Persian).

²⁵ On the ECO and its membership, see appendix 1 in this volume.

²⁶ Hunter (note 7), p. 62.

²⁷ *The Fortnight in Review*, 7 Aug. 1998. URL <<http://brdcast@jamestown.org>>.

goods to other parts of the world. This is the best linking route for the landlocked Central Asian and Caucasian republics and a valuable corridor for Russia to expand its trade with South-East Asia, China, Japan and Australia. The Volga–Don waterway is another route for the transit of Iranian goods to Europe. Iran and Russia are, in fact, working as complementary partners to make up for each other's shortage of essential linking routes.

Iranian territory offers the best and most suitable passage for oil and gas pipelines. At present there is competition over different routes for the oil pipelines. This competition can be simply converted into collaboration. Iran and Russia can work as partners and friends here. Their technical, production and trade capabilities, experience and potential can complement each other. Between them they can respond to the greater part of the needs of the region.

VII. Bilateral relations

Iran and Russia are maintaining special ties which are becoming more and more stable day by day. 'Regular political dialogue in which subjects of mutual interest are examined in an atmosphere of trust and good will continues, and the foreign ministers of the two countries are officially meeting twice a year.'²⁸ Transfer of technology and cooperation in defence matters are other important examples of their close ties.

However, there are many shortcomings in their bilateral relations as a result of long years of lack of useful dialogue. Both possess vast facilities and they have an unlimited basis for collaboration in different fields. There is scope for growth in their diplomatic relations, notwithstanding the extensive political and economic cooperation: a general agreement is needed on the principles regulating their political ties which would provide a long-term basis for their relations.

Many as the opportunities are for the expansion of political, economic and cultural ties between the two, the most appropriate and beneficial area is the promotion of economic and technical collaboration.

Economic cooperation can cover a wide spectrum, such as exchange of experience on economic policies and plans, joint industrial, technical, agricultural and infrastructural ventures, the expansion of commerce and transport, and reciprocal technical and vocational training for personnel and experts in various fields. The former USSR helped Iran to build its first steel mill during the 1960s and joined in important Iranian industrial projects; Russia has a good record of cooperation with Iran. The project for completion of the Bushehr atomic power plant and broader cooperation in other technical fields is a continuation of that trend, which relies on the history of fruitful and reliable friendly ties between the two states. They are willing to expand and strengthen their ties and this trend is likely to continue in the coming years.

However, the two are not making optimum use of the favourable political atmosphere to boost commercial and economic transactions. The many acute

²⁸ Konstantin Shevaley, interview with *Khorassan Daily*, 21 Sep. 1998.

economic problems which gripped Russia in late 1998 are one reason for this. Another is that the Iranian market is not wholly familiar with Russian goods and a large part of Russia's heavy industry is unknown in Iran; moreover, Russian commodities do not have a good reputation in Iran.

One of the special features of Iranian–Russian relations is direct link between the Iranian provinces and the republics of the Russian Federation. Thanks to a history of social contacts along the Caspian shore, in Central Asia and in the Caucasus, links between the peoples in the region have expanded. Similarities of culture, religion and history have enabled Iranian goods to find their proper market in southern Russia. Gilan Province is pioneering trade with Astrakhan Region: a special jetty for it is being built south of Astrakhan, alongside the Volga River, to receive roll-on-roll-off vessels coming from the port of Anzali. This route is supposed to link Europe to South Asia through Russia, the Caspian Sea and Iran. Makhachkala in Dagestan is trading with Ardabil Province in Iran and Kerman Province with the Federal City of Moscow.

If central governments can remove certain obstacles in the way of trade, they can help the region's economy flourish. In order to establish the legal infrastructure for economic collaboration, Iran and Russia have signed an agreement stopping the collection of multiple tax and another calling for mutual support of capital investment is about to be signed.

After the break-up of the Soviet Union, economic relations became somewhat erratic. There was a sharp decline in trade in 1992, temporarily relieved in 1993 (possibly as a result of the sale to Iran of a Russian Kilo Class submarine), followed by an 83 per cent fall in 1994 and 46 per cent growth in 1995.²⁹ According to estimates by a joint Iranian–Russian Commission, the two sides aim to boost cooperation in the fields of trade and the economy to \$4 billion per year by the year 2000.³⁰

The military collaboration of Iran and the former Soviet Union continues between Iran and present-day Russia. Although before the Islamic Revolution Western, especially US, arms made up a large part of the Iranian arsenal, from the 1970s Iran began to buy Russian armoured vehicles, such as BTR amphibious troop transporters and BMP infantry fighting vehicles, cannons, BM-21 multiple rocket-launchers, anti-aircraft vehicles, Strela portable anti-aircraft missiles and army trucks. The Shah ordered two submarines for operation in the Persian Gulf from the former Soviet Union. After the Islamic Revolution, the Iranian Army started to buy some artillery equipment and missiles from the Soviet Union and agreed to pay in cash, but at that time the Soviet Union was allied with Iraq. After the end of the war with Iraq, Iran began to buy multi-role MiG-29 combat aircraft and Su-24 bombers. Military deals between the two countries included the supply of Russian anti-aircraft batteries, advanced radar, T-72 tanks, armoured personnel carriers, surface-to-surface missiles and three Kilo Class submarines.

²⁹ *Rossiyskoy Statisticheskoy Ezhegodnik* [Russian statistical yearbook, 1996] (Russian State Committee on Statistics: Moscow, 1996), p. 343.

³⁰ Gusher, A., 'On Russian–Iranian relations', *International Affairs* (Moscow), no. 13 (1997).

The delivery of the first Russian submarine to Iran in October 1992 enraged the USA. It claimed that Iran, by possessing advanced equipment such as submarines, battleships, fighter aircraft and anti-ship missiles, would become a superior power in the region and would threaten the US allies in the Persian Gulf. Iran countered that the equipment was designed for defensive purposes and that it wished to be recognized as a military power among the countries of the Indian Ocean.

Before the Islamic Revolution, when the price of oil rose in 1973, the Shah concluded a contract with the German company Siemens to build a nuclear power plant to produce electricity and another contract with a French consortium to provide enriched uranium. The plant was built on the Persian Gulf near Bushehr port. Major investments were made which post-revolutionary Iran could not overlook. As a result, when, under the pretext of the ongoing Iraq–Iran War, Germany refused to resume work on the plant, Iran welcomed Russia’s willingness to complete it.

Representatives of the International Atomic Energy Agency (IAEA) have inspected Iran’s declared nuclear sites at regular intervals. They found no evidence that the Iranian atomic plant was intended for military purposes.

Among Iranian–Russian economic deals, oil and gas cooperation is important. From the mid-1960s Iran transferred considerable amounts of gas at prices lower than international prices to the Soviet Union by building two pipelines from the south of Iran to Soviet Azerbaijan. Iran continued to purchase Russian oil by-products for use in the cold regions in the north of the country.

The largest politically motivated oil and gas deal between Iran and Russia was struck in 1996 for the South Pars gas field. Initially the US Conoco company had won an international competition to build plants for the exploitation of natural gas from the gas field. Despite its tense relations with the United States, the Iranian Government was wise enough to accept the offer because Conoco, which was working in the Persian Gulf Arab sheikhdoms, was offering more attractive financial terms. However, in a sudden move US President Bill Clinton banned US companies from investing in Iranian oil and gas projects. Following detailed negotiations with other companies and amid fears of retaliatory US action against any company that worked with Iran, the National Iranian Oil Company (NIOC) succeeded in concluding a contract with French Total for exploitation of gas in the South Pars field. Phases 2 and 3 of the project needed \$2 billion investment. After the signing of the contract, Total allied itself with the reputable Russian Gazprom and Malaysian Petronas companies.

The start of this cooperation has opened a new chapter in economic relations between Iran and Russia, in the form not of a bilateral deal with preferential prices but of a multinational deal at internationally competitive prices.

VIII. Conclusions

While the end of the Soviet Union has given birth to 15 new states and Iran no longer possesses a land border with Russia, it seems that this physical distance between Iran and Russia has intensified a profound friendship between them.

The two countries feel the need for all-embracing cooperation. At present Iran is seeking closer relations with Russia with greater confidence. Russia's need for foreign currency and its preferred Eurasian instead of Euro-Atlantic outlook have encouraged it to establish better relations with Asiatic nations. As Prime Minister, Primakov was a staunch supporter of warmer ties with Asia and the Middle East. Perhaps Russia's economic problems have not given its policy makers the chance to make necessary plans in this direction. Any immediate panacea, such as an offer of US loans in exchange for Russia taking a tougher stance vis-à-vis the Bushehr Atomic Power Plant or towards the Balkans, is unlikely to please Russia.

Nationalism is on the rise in Russia. The proportion of Russians in the population of the Soviet Union was a little over 50 per cent; in the Russian Federation it is now 80 per cent and this has produced nationalist zealots such as Zhirinovskiy. Here Iran has maintained a cool and balanced policy and distanced itself from the struggle between the Russian nationalists and Islamic radicals known as Wahhabis in the southern republics of the Russian Federation.

Cooperation in military activities will continue. In the context of the Gore–Chernomyrdin Commission,³¹ existing contracts for the supply of armaments to Iran will be fulfilled.

The setting up of an Organization for Security and Cooperation for Asia is suggested by prominent figures in a number of Asian states, including President Nursultan Nazarbayev of Kazakhstan, Hashemi Rafsanjani from Iran, and Benazir Bhutto from Pakistan. Russia has taken part in all discussions related to this proposal. The assembly of giants such as China, India and Russia as well as other Asian nations in that organization, if it is set up, will open a new chapter of dialogue between the Asian nations.

Afghanistan is another topic which has led to convergence between Iran and Russia. Both are concerned about the behaviour of the Taleban. Russia condemned the detention and subsequent killing of Iranian diplomats at Mazar-i-Sharif by the Taleban and was the originator of a UN resolution condemning the atrocity. Collaboration between themselves to solve the Afghan problem and end military operations there, negotiations between the warring parties under UN supervision, and the formation of a broadly based government which can vouchsafe the interests of the different parties in the country are the

³¹ The US–Russian Joint Commission on Technological Cooperation, set up in 1993 as a joint initiative of then Russian Prime Minister Viktor Chernomyrdin and US Vice-President Al Gore to promote cooperation on a wide range of issues related to energy, the environment, science and technology, space exploration and defence conversion.

common positions of Iran and Russia. Iran, Russia, Tajikistan and Turkmenistan will continue to cooperate to these ends.

Although the Caspian Sea reserves, particularly oil reserves, are attractive for all the littoral states, Russia is well aware that the amount of deposits is below than the figures published by US oil companies. Among the littoral states Iran is the most stable country with a bright future and stronger frontiers. Iran can, in the meantime, wait a little longer and patiently pursue its suggestion for a new legal regime for the Caspian Sea.

Relations between Iran and Russia can be interpreted as a sort of understanding between a progressive Islam and Orthodox Christianity. Both inside the Russian Federation and at the international level, Russia is confronted with Islam and Muslims. Iran can work closely with Russia on both levels.

Both countries have the capacity to work together in the Central Asian and Caucasus regions. Russia has the advantage of a long history and infrastructures in the region, while Iran takes advantage of its history and culture and the Islamic faith. It has shown that it is looking for better economic and trade ties with Central Asia and the Caucasus.

Continuity in relations needs supervision and monitoring at a high level in the two capitals. The Russian Duma took the first step on 20 October 1998 by ratifying a bill on the need for better relations with Iran.