

RUSSIAN FOREIGN POLICY TOWARDS IRAN UNDER
VLADIMIR PUTIN: 2000 – 2008

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MONA DİNPAJOUH

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Approval of the Graduate School of Social Sciences

Prof. Dr. Sencer Ayata
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Science.

Assoc. Prof. Dr. Oktay F. Tanrısever
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Science.

Assoc. Prof. Dr. Oktay F. Tanrısever
Supervisor

Examining Committee Members

Prof. Dr. Meliha Altunışık (METU, IR) _____
Assoc. Prof. Dr. Oktay F. Tanrısever (METU,EAS) _____
Assoc. Prof. Dr. Erel Tellal (AU, IR) _____

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Name, Last name : Mona Dinpajouh

Signature :

ABSTRACT

RUSSIAN FOREIGN POLICY TOWARDS IRAN UNDER VLADIMIR PUTIN: 2000 – 2008

Dinpajouh, Mona

M.S., Department of Eurasian Studies

Supervisor: Assoc. Prof. Dr. Oktay F. Tanrısever

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This thesis analyses the foreign policy of Russia towards Iran during Vladimir Putin's presidency. This thesis examines energy, security and regional issues in relation to the cooperation between these two states. Contrary to the view that Russia's relation with Iran is an example of strategic partnership, this thesis argues that Russia does not consider Iran as a strategic partner due to her own global ambitions. Russia just seeks to keep Iran under her sphere of influence. In fact, Russia's is not willing to consider Iran as a strategic partner due to the differences in state structures and national interests of these states.

This thesis has six chapters. The first chapter is the introductory chapter. The second chapter gives a historical background on Russian – Iranian relations until Vladimir Putin's rise to presidency in 2000. The third chapter discusses the role of energy, while the fourth chapter analyses the importance of security issues and their effects on the dynamics of "cooperation" between Russia and Iran. The fifth chapter discusses regional dimension of Russia's relations with Iran. Final chapter is the conclusion.

Keywords: Russia, Iran, Foreign Policy, Energy Politics, Nuclear Power

ÖZ

VLADİMİR PUTİN DÖNEMİNDE RUSYA DIŞ POLİTİKASININ İRAN'A BAKIŞI: 2000 - 2008

Dinpajouh, Mona

Yüksek Lisans, Avrasya Çalışmaları Bölümü

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Bu tez Vladimir Putin'in cumhurbaşkanlığı döneminde Rusya'nın İran'a yönelik dış politikasını incelemektedir. İki ülke arasındaki işbirliğine bağlı olarak enerji, güvenlik ve bölgesel konular çalışılmaktadır. Rusya'nın İran ile olan ilişkilerini stratejik ortaklık olarak kabul eden görüşlerin aksine, bu tez Rusya'nın global hırsları sebebiyle Rusya'nın İran'ı stratejik bir ortak olarak kabul etmediğini öne sürmektedir. Rusya sadece İran'ı etkisi altında tutmak istemektedir. Aslında, Rusya İran'ı bu devletlerin devlet yapılarındaki ve ulusal çıkarlarındaki farklılıklar nedeniyle stratejik müttefiki olarak istememektedir.

Bu tez altı bölümden oluşmaktadır. İlk bölüm giriş bölümüdür. İkinci bölüm Vladimir Putin'in cumhurbaşkanlığından önceki dönemlerdeki Rusya – İran ilişkilerinin tarihini incelemektedir. Üçüncü bölüm enerjinin rolünü tartışırken, dördüncü bölüm güvenlikle ilgili konuların önemi ve bu konuların etkilerinin Rusya ve İran arasındaki “iş birliğinin” dinamikleri üzerindeki önemini analiz etmektedir. Beşinci bölüm Rusya'nın İran ile ilişkilerinin bölgesel boyutunu açıklamaktadır. Son bölüm sonuç bölümüdür.

Anahtar Kelimeler: Rusya, İran, Dış Politika, Enerji Politikaları, Nükleer Güç

To My Family

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CHAPTER 1

INTRODUCTION

1.1 Scope and Objective

This thesis seeks to examine the foreign policy of Russia towards Iran during Vladimir Putin's presidency. This analysis will get the advantage of the Neorealism theory. The reason of the chosen subject is the importance of Russia and Iran both in the regional issues and international arena in terms of politics, economics and security related topics. Moreover, the period of 2000 – 2008 is one of the most important eras for Russian – Iranian relations with the presidency of Vladimir Putin in Russia, since his presidency era shows significant changes toward Russia's foreign policy. Cooperation between these two states has a great potential to influence other states, and have important effect on multipolar world order. This thesis will examine several aspects of cooperation between Russia and Iran including hydrocarbons, arms sales and security of the region, nuclear energy cooperation and importance of a common region on this cooperation.

In order to provide background information, this thesis will state a general history of the relations between Russia and Iran. However, this study will not analyse pre-2000, instead, it will only state certain facts and events that are important to understand the period of 2000 – 2008. The main focus of this thesis will be the period, in which Putin acted as “the President of the Russian Federation”, as this period hosted various subjects to re-determine the degree of bilateral relations.

In order to have an easily controlled state, Putin made some replacements like Alexander Rumantsev, as the head of the Ministry of Atomic Energy instead of Yevgeny Adamov, Rem Vakhirev, Head of Gazprom and the Secretary of the National Security Council, Sergei Ivanov as the Defence Minister instead of Igor

Sergeev. Putin shifted the foreign policy of Russia to a strong and certain one aiming maximum economic benefits. As Freedman says,

“Putin's foreign policy has been aimed at strengthening the Russian economy in the hope that, in the not too distant future, Russia might regain its status as a great power. In the interim he has sought to create an arc of stability on Russia's frontiers so that economic development can proceed as rapidly as possible.”¹

With new foreign and domestic policies in Russia, Putin brings political and economic stability. Therefore, many Russians start to refer Putin as the “New Russian Tsar.”² Despite the new title and how imperial it sounds, Putin actually accomplishes something that Boris Yeltsin could not. Despite the role of Putin in determining Russian foreign policy with a new approach, Neorealism’s focus on international anarchic environment becomes a base for restructuring. In fact, systematic factors of international arena push Putin to shift Russian foreign policy in accordance with national interests. External determinants like international and regional organizations and multinational companies’ effects base the formation of foreign policy.

After the Islamic Revolution in Iran, many states including the U.S. and some of the Western states agree on embargo and restrictions for Iran. However, Russia, from the beginning, expresses her dislike on this kind of attitude. Sergey Lavrov, Foreign Minister of Russia says that Russia has never had bad relations with Iran, Russia does not approve an embargo or restrictions for Iran from the rest of the world and Russia will help Iran in order to avoid isolation.³ Although Lavrov exaggerates the status of Russian – Iranian relations as never being bad, likewise, Iran also supports

¹ Robert O. Freedman . “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (accessed on 12 March 2008).

² Elnur Hasan Mikail. *Yeni Çarlar ve Rus Dış Politikası* (İstanbul: IQ Kültür Sanat Yayıncılık, 2007), 267.

³ Fatih Özbay. “Nükleer Program Ekseninde Düünden Bugüne Rusya - İran İlişkileri,” in Dağcı, Kenan, and Sandıklı, Atilla (eds). *Satranç Tahtasında İran “Nükleer Program,”* (İstanbul: Tasam Publications, 2007), 169-170.

Russia on various issues like Chechen issue, preventing possible American bases in Central Asia, problems in Tajikistan and Taliban. Despite the claims of a “strategic partnership” between Russia and Iran, both states have their own reasons to help each other and thus, a pragmatic cooperation occurs instead.

1.2 Literature Review

An overview of the literature analysing Russian – Iranian relations during Putin’s presidency shows that most of the scholars agree on a mutual understanding of at least a pragmatic cooperation. However, there are still some scholars, who claim that Russian – Iranian relations are based on strategic cooperation. According to Aras and Özbay, “[a] strategic alliance is a kind of broad security relationship that may involve, among other things, cooperation for the attainment of common goals on matters of military assistance, defense [sic] industries, joint military manoeuvres, intelligence sharing, deployment of military divisions in partner countries, and military training. For the establishment of a strategic alliance between any two states, there must be consensus and cooperation with respect to their worldviews, political regimes, long-term interests and universal values.”⁴

According to one group of academics, Russia and Iran cooperate on many issues and this cooperation has been developing for years, which led to building of a strategic partnership. The other group of scholars argues that, despite the wide range of cooperation among Russia and Iran, these two states have a lot of differences and these differences prevent a strategic partnership. Moreover latter group of scholars also argue that these differences creates clash of interests in various areas and sometimes result in a change of foreign policies. It is important to analyse Russian interests on cooperating with Iran since Russian interests overcome Iranian gains and the bilateral relations are shaped according to Russia’s preferences in foreign policy.

⁴ Bülent Aras and Fatih Özbay. “The Limits of the Russian-Iranian Strategic Alliance: Its History and Geopolitics, and the Nuclear Issue,” *Korean Journal of Defense Analysis*, Vol. 20, No. 1, 2008, 56.

As Mark Katz says, Russia and Iran shared so many interest and objectives in the early years of Putin's presidency and their cooperation shifted to a "strategic cooperation"; however, starting from the mid period of Putin's presidency, Russia and Iran showed disagreements on many subjects like the Caspian Sea problem,⁵ and their cooperation started to show only pragmatic aspect instead of a long-term strategic common aims. As both state their own agendas in terms of national gains, their cooperation reflects a pragmatic and tactical motive. As Nathan L. Burns and Houman A. Sadri define, a tactical cooperation is primarily a short-term cooperation based on "short-term mutual, often in pursuit of an objective that serves a larger foreign policy goal of a state."⁶

Those scholars, who argue that Russia and Iran are strategic partners, base their assumption on their mutual aim of diminishing the hegemony of the U.S. Moreover, the arms sales and technology import of Russia to Iran creates an economic gain for Russia that can not easily be given up. According to Ali Jalali,

"Iran's need to rebuild its conventional forces following the end of its war with Iraq (1989) drove the Islamic Republic to closer military ties with Russia. The relationship developed into a wider strategic partnership during the closing decade of the last century as international competition for influence in the region intensified. Inspired by similar geostrategic perspectives, Tehran and Moscow worked together on a number of issues despite their conflict of interests in some other areas."⁷

Although Jalali claims of a strategic partnership despite the "conflict of interests," these circumstances are not common. Even though Russia and Iran's foreign policy aims on political and security issues creates a win-win situation for both state, their

⁵ Mark N. Katz. "Russian-Iranian Relations in the Putin Era," *Demokratizatsiya*, Vol. 10, No. 1, Winter 2002, 69.

⁶ Nathan L. Burns and Houman A. Sadri. "Russia, Iran, and Strategic Cooperation in the Caspian Region," *Paper presented to the 49th Annual ISA Convention San Francisco*, 28 March 2008, http://www.allacademic.com/meta/p_mla_apa_research_citation/2/5/3/9/0/pages253904/p253904-1.php (accessed on 6 July 2009).

⁷ Ali A. Jalali. "The Strategic Partnership of Russia and Iran," *Parameters: US Army War College*, Vol. 31, No. 4, Winter 2001/2002, 98.

differences in interests and priorities on foreign policy limits cooperation. As an example, Russia does not value her relations with Iran more valuable than her relations with the U.S. especially in the aftermath of September 11. Although Russian – Iranian relations have a tendency to be shaped according to the level of Russian – American relations, Russia is still less likely to completely put an end to her economic relations with Iran like the sale of arms.⁸

Some of the scholars express their opinions on the level of Russian – Iranian relations in a more clear-cut attitude like Alexei Malashenko, who says that “... the two countries have much to talk about, but mutual suspicions remain, enough for some analysts to call Moscow-Tehran ties as more business than a close alliance. ... What I know is there is no strategic alliance between Russia and Iran, and that is forever, and for a lot of reasons. The main one is that Iran considers Russia a part of the Western world, of Europe, of Christianity.”⁹ Moreover, there are also other differences politically like Nathan and Houman say “Russia is a global power with a wider range of interests and commitments, while Iran is regional power with a more narrow political focus.”¹⁰

In addition to scholars, there are also a number of state-persons, who claim Iran and Russia constructed a strategic alliance. While the head of the defence commission for the lower house of the Russian parliament, Andrey Nikolayev, says, “Iran is a strategic ally for Russia in its south,” Iranian Foreign Minister Kamal Kharrazi says, “Cooperation with Moscow is a strategic preference of Iran.”¹¹ Although Nikolayev

⁸ Mark N. Katz. “Russian-Iranian Relations in the Putin Era,” *Demokratizatsiya*, Vol. 10, No. 1, Winter 2002, 78.

⁹ Cited in Scott Peterson. “Russia, Iran Harden against West,” *Christian Science Monitor Online*, 18 October 2007, <http://www.csmonitor.com/2007/1018/p06s02-woeu.html> (accessed on 6 July 2009).

¹⁰ Nathan L. Burns and Houman A. Sadri. “Russia, Iran, and Strategic Cooperation in the Caspian Region,” *Paper presented to the 49th Annual ISA Convention San Francisco*, 28 March 2008, http://www.allacademic.com/meta/p_mla_apa_research_citation/2/5/3/9/0/pages253904/p253904-1.php (accessed on 6 July 2009).

¹¹ Cited in Bülent Aras and Fatih Özbay. “The limits of the Russian-Iranian strategic alliance: its history and geopolitics, and the nuclear issue,” *Korean Journal of Defense Analysis*, Vol. 20, No. 1, 2008, 56.

and Kharrazi claim a strategic partnership, there is no agreement between Russia and Iran, which will force a support from the other side if one party is under attack. The agreement between Russia and Iran on security cooperation signed after the meeting in 2001 simply suggests a neutral status of the other party. Russia's assistance to Iran will be limited to mediation between Iran and the aggressor at best.

This thesis also shows similarities with the scholar Robert Freedman's arguments on the necessity of cooperation between Russia and Iran and the subjects of interests. However, unlike Freedman, who claims that this cooperation has no visible end¹², this thesis argues that the cooperation between Russia and Iran has its own limits, which can result in a certain end if one of the parties tries to be more powerful in the region and naturally acting against the other parties' interests. Therefore, this cooperation may come to an end when the balance of power is perished and security and interests of each state become endangered. As a result of different arguments, I made the following main argument on the basis of the above-mentioned range of perspectives and the literature review for this thesis.

1.3 Main Argument

This thesis argues that the cooperation among Russia and Iran is not a strategic partnership, but a pragmatic cooperation, where Russia is the dominant actor that determines the level of cooperation.

Cooperation between two significant states like Russia and Iran is very important as this cooperation can result in many different outcomes for the states, for the region or for the international arena. However, creating a life-long alliance is not in the nature of states as their main goals are the survival of and guaranteeing security for the state. According to the political realist theory of international relations as described by Hans Morgenthau, states are motivated by military and economic

¹² Robert O. Freedman . "Russia and Iran: A Tactical Alliance," *SAIS Review*, Vol. 17, No. 2, 1997, 104.

issues for security instead of ideals or ethics.¹³ As a result, the “tactical alliance” between Russia and Iran has its own limits and difficulties.

Putin has always been a powerful and dominant president and ruler from the start. In fact, Putin brings a new approach to Russian foreign policy, since he is willing to strengthen Russia's relations both with Commonwealth of Independent States (CIS) and countries with sceptical backgrounds like Iran, China and Iraq. Putin's policies are parallel with Neorealism and Pragmatism.¹⁴ According to Kenneth Waltz, “Neorealism develops the concept of a system's structure which at once bounds the domain,” and enables a base to understand the structure of the system and how it effects the interacting units as “international structure emerges from the interaction of states and then constrains them from taking certain actions while propelling them toward others.”¹⁵ This new line of foreign policy is based on mostly economic gains and constructed the Neorealist side of Russia's foreign policy, while the choice of states becomes the Pragmatism side. Russia chooses states like Iran, Iraq and Libya, which have problems with the U.S. The reason behind Russia's choice of these states is to counter balance the hegemony of the U.S. What determines Russian foreign policy is her ambition to have a position in international arena as a powerful state and this aim makes Russia develop bilateral relations with states like Iran, sometimes as a reaction to her “competitors” like the U.S.

A strategic partnership needs long-term policy goals among states¹⁶, which will show effects in international level. According to David Shambaugh, “when the two countries differ in so many strategic issues, the use of the term “strategic

¹³ See Hans Morgenthau and Kenneth Thompson. *Politics Among Nations*. Sixth edition. (New York: McGraw-Hill, 1985).

¹⁴ Elnur Hasan Mikail. *Yeni Çarlar ve Rus Dış Politikası* (İstanbul: IQ Kültür Sanat Yayıncılık, 2007), 94.

¹⁵ Kenneth Waltz. “Realist Thought and Neorealist Theory,” *Journal of International Affairs*, Vol. 44, No. 1, Spring/Summer 1990, 29.

¹⁶ Nathan L. Burns and Houman A. Sadri. “Russia, Iran, and Strategic Cooperation in the Caspian Region,” *Paper presented to the 49th Annual ISA Convention San Francisco*, 28 March 2008, http://www.allacademic.com/meta/p_mla_apa_research_citation/2/5/3/9/0/pages253904/p253904-1.php (accessed on 6 July 2009).

partnership” is wrong.”¹⁷ When we look at the Russian – Iranian cooperation, we see that both states have different agendas and motives behind their will for cooperation. These motives and interests may clash from time to time, which will interrupt or put an end to the cooperative behaviour. While Russian motivation for cooperation with Iran is political, mostly towards the U.S., Iranian motivation is both political and security related. The U.S. has a determining effect on Russian – Iranian relations up to a point both because of her position in international arena and her relations with Russia in political and economic senses. As an example, Iran improved her relations with Russia after 1997 election with the new reformist president as his reformist attitude also created a pressure on the U.S. to normalize relations with Iran at least up to a point.¹⁸ Because of mutual benefits of both states, this cooperation on various subjects shows existence recently like stabilizing the region in order to enjoy economic benefits as well as security aspects. However, these cooperation possibilities will diminish if the interests of both states clash like the case of nuclear energy and how Russia showed conflicting behaviour towards the cooperation on the subject.

On a critical note, being the dominant party, this cooperation will only continue if Russian interests for cooperation with Iran overcome uncooperative interests. As Aras and Özbay state, “Tehran views its relations with Russia through an international politics prism and then reduces it to the level of bilateral relations. Moscow, on the other hand, signifies bilateral relations, but still does not consider Iran a serious partner in the international arena. Moscow’s current pragmatic approach will continue as long as its relations with Tehran do not conflict with its other interests and its process of international integration.”¹⁹ Both states act on a

¹⁷ David Shambaugh cited in Jane Periz. “White House Is Bracing For A Chinese Backlash,” *The New York Times*, 16 May 1999, <http://www.nytimes.com/1999/05/16/world/crisis-in-the-balkans-diplomacy-white-house-is-bracing-for-a-chinese-backlash.html?pagewanted=all> (Accessed on 10 December 2008).

¹⁸ Meliha Benli Altunışık. “The Middle East in the Aftermath of September 11 Attacks,” *Foreign Policy*, Vol. 27, No. 3-4, 2001, 23.

¹⁹ Bülent Aras and Fatih Özbay. “The limits of the Russian-Iranian strategic alliance: its history and geopolitics, and the nuclear issue,” *Korean Journal of Defense Analysis*, Vol. 20, No. 1, 2008, 57.

realpolitik and pragmatic base considering every option for their best interest on foreign policy towards the U.S. and the European Union, their own security and economic interests.

Starting from the beginning, Putin has shown how Russia's relations with Iran will be by engaging in bilateral talks and telephone calls with Iranian presidents Mohammad Khatemi and his successor Mahmoud Ahmedinejad. The direct contacts started with Khatemi's official visit to Russia in March 12, 2001. These official visits continued until Dmitry Anatolyevich Medvedev succeeded Putin. Both Russia and Iran aim a possible cooperation on various issues like regional and international politics, on trade, economics, military, technology and culture with direct contacts and commissions between two states. Just like both states desire, the volume and the importance of bilateral trade have been increasing each year. For example, the volume of trade between the two countries in 2003 was \$1.37 billion and most of the traded goods were composed of machinery and equipment, transport facilities, and metal products.²⁰ This picture, in general, is still the same today as trade options grow bigger even after Putin is not the president anymore.

Despite mutual benefits, each cooperation has its own limits. As states exist in a chaotic environment, where balance of power becomes the protective factor in international arena, shift of power levels may contribute to readjustment of each state's place in power games. When the balance of power shatters, a new balance should be set by two options: internal balancing or external balancing. While internal balancing means economic and military growth, external balancing means strategic alliances and cooperation. External balancing is more effective on a multipolar international system, where states can engage in cooperation with different states on different issues. When dilemma on security, which is an act of military build-up to improve one's security status because of distrust between

²⁰ Gleb Ivashentsov. "Iran: Horizons of Future Cooperation," *International Affairs: A Russian Journal* No. 6 2006.

states,²¹ also comes to stage, states can either start cooperation or end an existing one. In the case of Russia and Iran, an alliance starts to counter balance other powers in the region and in international arena. However, this cooperation also has its limits since relative gains of states can lead to conflict and makes cooperation efforts more difficult. Moreover, Russia, being the dominant partner in this cooperation, makes Iran put Iranian interests in second place after Russian interests. In the case of balance of power, Russia uses Iran in order to enable advantages with Russia's relations with the U.S. through Russian – Iranian cooperation. However, awareness of common goals in regional and international arena creates a fertile environment for future cooperation

After the dissolution of the Soviet Union, Central Asia, the Caucasus and the states within become crucial for Russian foreign policy. With the newly independent states on stage, an only-regional aspect will not work as interaction with other regions is unavoidable. Especially with Central Asia's relations with Middle East, Russia has no choice but find an ally there. During Putin era, Iran is the choice of Russia as she is one of the most powerful states in the region and in Muslim world, which construct Middle East. Moreover, as one of the top oil and natural gas suppliers, Iran also occupies a strategic position on the Persian Gulf and as the trade between Russia and Iran grows, the strength of this tactical alliance increases. However, Iran's importance for Russia is affected by Iran's attitude towards Central Asia and the Caucasus and how this attitude affects Russian interests in the region.

Both Iran and Russia are important states in Eurasia and the Middle East. Moreover, they can also affect other regions by their actions. Thus, their cooperation and standing in an alliance may have undesired effects on other states' interests like the U.S. and Israel. As a result of this intimidation, these states try to end this cooperation. Considering the fact that the tactical alliance between Russia and Iran still continues, it can be said that the efforts to end this alliance is not successful.

²¹ Benjian Xin. "Security Dilemma, Balance of Power vs. US Policy towards China in the Post-Cold War Era," *The U.S. – China Economic Review Commission Website*, September 2001, http://www.uscc.gov/researchpapers/2000_2003/pdfs/secur.pdf (accessed on 10 December 2008).

Especially to a country like Russia, it may not be wise or easy for those outsiders to force her. With her wide amount of oil and natural gas reserves, important military power and strategic position in Eurasia, Russia is certainly not a country to be pushed around easily.

The methodology of this thesis is as follows: I used governmental documents as primary sources and newspapers, argumentative books and articles as secondary sources. As this thesis does not analyse historical events, the use of historical sources will be mainly limited to second chapter, where historical background information is given.

1.4 Chapters of the Thesis

This thesis will be composed of four main parts and each part will deal with a key subject to the cooperation between Russia and Iran. In the second chapter, in order to form the frame of the thesis, I will analyse the Tsarist, Soviet and Yeltsin period. This will help to compose the necessary background information not only to understand the successive arguments in the thesis, but also to create a harmony between the periods of the Tsarist, Soviet and Yeltsin era and the later period during 2000 – 2008, and their unique characteristics.

In the third chapter, I will focus on energy issues, mainly hydrocarbons and their importance on the cooperation of Russia and Iran while they form a pragmatic cooperation. Hydrocarbons have two important practices on the cooperation. The Caspian Sea problem constitutes most of the arguments of hydrocarbons, as neither legal status nor the future of the resources is certain. Another important point of hydrocarbons' importance is the political struggle over the resources in the Caucasus and Central Asia. As hydrocarbons are non-renewable energy sources, newly found reserves in Central Asia and the Caspian Sea become very important. As a result, Russia and Iran, which are two of the key states in the region, take interest in the politics of the region in order to shift the balance of interests to their own sides while extra-regional actors in this political struggle try to have more influence in the

region. All these factors determine the position of Russian foreign policy towards Iran and show a tendency for shifts.

Fourth chapter will study the security aspect of the cooperation between Russia and Iran during the presidency of Putin. As governments' priority is to guarantee the security of the state, security is an important part of any cooperation. When it comes to the cooperation between Russia and Iran, and how Russian foreign policy is shaped towards Iran, regional states indirectly shape the level of this cooperation as these states and stability of the region are very important for both of them. Moreover, the trade between Russia and Iran are mostly composed of arms sales, which is an attempt of Iran to secure the state and this arms sales make hostile states like Israel and the U.S. concerned. Thus, these hostile states try to pressure Russia to end this cooperation for the sake of regional and international security as a too powerful Iran will be against the interests of all. However, taking side with the U.S. all the time will not be for the interests of Russia as one of her main goals is to break the hegemony of the U.S. in international arena. Therefore, Russia supports Iranian nuclear program and even supports Iran to engage in regional organizations like Shanghai Cooperation Organization (SCO). However, Russian foreign policy does not compose a stable approach to Iranian nuclear development program as a nuclear Iran is also against her interests. All these factors form the security aspect of bilateral relations between Russia and Iran. I will also explain in this chapter the progress of cooperation on nuclear energy between Russia and Iran. The chapter will deal with the importance of nuclear development for Iran and Russia both in terms of formation and construction of nuclear facilities. This chapter also analyses how while Iran officially wants to hold nuclear power in order to have more security and to "rebel" against the U.S. despite the embargo and restrictions, Russia uses this opportunity to declare her "independence" from the U.S. on political and economic issues for international politics, to benefit from billions of dollars from facility building and uranium enrichment and with a lesser degree, to have the chance to deeper analyse the European formation of nuclear facilities by completing the Bushehr facility. However, this cooperation also has flaws that will force Russia to act differently in the future as a country like Iran can be dangerous for Russia in terms of security if she holds nuclear power in a level suitable to produce nuclear

weapons. Moreover, international pressure to Russia in order to make her stop helping and protecting Iran in international arena, and to Iran to make her sustain all her nuclear activities will result in a less fertile environment for cooperation.

In the fifth chapter, I will examine the Caucasus and Central Asia's impact on bilateral relations of Russia and Iran from political and economic aspects. When the newly independent states first emerged in early 1990s, these states only had few states to create connections for economic and political activities. As the Soviet Union dissolved, Western states and the U.S. have less interest in the region on a rival approach. At that point Iran, Turkey and Russia become very important for cooperation on trade and stability in the region. As Russia starts to have a more Eurasianist approach to Central Asia and the Caucasus, competition and cooperation on certain issues become unavoidable. However, cooperation with the regional states sometimes put Iran and Russia in a dilemma of ideals and interests. This chapter will also try to analyse the reasons and results of these dilemmas. While Russia has to let her relations with Israel and the U.S. get affected by her cooperation with Iran on key subjects like arms sales and nuclear issues, Iran has to put her Islamic ideals aside and turn a blind eye to certain issues like Chechen problem in Russia or Tajik civil war. This creates forced "common interests" as both states find themselves with a necessity to choose between options. From what we see about the cooperation between Russia and Iran, a pragmatic cooperation can only be formed under a final dominant Russian interest. Moreover, the Caucasus and Central Asia also form an important part of regional relations' effects on bilateral relations. This chapter will also give Caucasian states' degree of relations with Iran in relation to Russia.

CHAPTER 2

HISTORICAL BACKGROUND

2.1 Introduction

Russian – Iranian relations go to centuries back. Being neighbours until the dissolution of the Soviet Union, interactions, cooperation and conflicts were inevitable. As the governments, regimes and authorities changed in time, the level and direction of their relations also changed both to a peaceful and warlike direction depending on the political and economic balance. In order to understand the issues and reasons behind the attitudes of Russia and Iran with Putin's rise to presidency, one should know the historical background of their relations, which unavoidably shaped foreign policy of Russia.

The aim of this chapter is to introduce historical background of Russian – Iranian relations in Tsarist, Soviet and Yeltsin era. Although bilateral relations of Russia and Iran go centuries back, this chapter is limited to three main eras that are crucial to understand current issues and politics as this thesis does not focus on history. In order to avoid unnecessary details on historical facts and issues, three periods will be expressed in terms of key occurrences. These key events also seeded hostilities and suspicions as a result of skirmishes and wars. As the relations between Russia and Iran are mainly determined by Russia and her interests, I addressed these historical eras from a Russian history approach in order to show the real reasons and motives behind changes in policies and attitudes.

2.2 Tsarist Era

Russian – Iranian relations officially started in 1592 with the Safavids ruling pre-1935 Iran, Persia. Starting from this date, both states engaged in various activities

including trade and wars, which became a base for the bilateral relations between Russia and Iran.

When the Safavids' power became weak, the Qajar dynasty replaced them and ruled Persia until 1925. During Qajar rule, Russia and Persia engaged in bilateral relations, which sometimes became good and sometimes became warlike. One of the most important events regarding Russian – Iranian relations' history during Qajar period was the accreditation of first Persian Ambassador Mirza Abolhassan Khan Ilchi Kahir to Russia.

Late eighteenth and early nineteenth centuries were not a peaceful period for Russian – Iranian relations. As Portuguese, Britain and Dutch armies challenged Iran from the south, Russia occupied northern parts of Persia. This imperialist period continued as especially the Persian Gulf part of Persia was desired by different states. In fact, Russia, which was an important power during that era, occupied northern parts of Persia on after she realized that Qajar dynasty was not able to defend on both fronts, which resulted in Russo – Persian War of 1804-1813. As Elton L. Daniel says, "Although this first Russo-Persian War was in many respects a continuation of a struggle for supremacy in Transcaucasia dating back to the time of Peter the Great and Nāder Shah, it differed from earlier conflicts between Persia and Russia in that its course came to be affected as much by the diplomatic maneuvering of European powers during the Napoleonic era as by developments on the battlefield."²² As a result of a weakened Persia, she could not defend both parts of the country and had to leave Russian threat ongoing. With the Russian pressure on local communities, two of the important tribes of middle Caucasus, the Ossetes and the Lezgians, accepted submission to Russia in 1802 and 1803, while Mingrelia accepted the dominance of Russians in 1804 and Imereti in 1810.²³

²² Elton L. Daniel. "Golestān Treaty," *Encyclopedia Iranica*, <http://www.iranica.com/newsite/articles/unicode/v11f1/v11f1069.html> (accessed on 6 July 2009).

²³ "Treaty of Golestān," *Encyclopædia Britannica Online*. 7 July 2009, <http://www.britannica.com/EBchecked/topic/249210/Treaty-of-Golestan> (accessed on 6 July 2009).

In 1813, Persian shah Fath Ali Shah had to sign the Treaty of Golestan, which was written by British diplomat Sir Gore Ouseley, with Russia, which was ruled by Nikolai Fyodorovich Rtischev, as a result of a weak Persian and a powerful Russian state that led to a major defeat of the Persian army.²⁴ According to the treaty, Russia took hold of all the khanates of Karabagh, Gandja, Shekeen, Shirvan, Derbend, Kouba, and Baku, together with part of Talish and the fortress of Lenkoran. Persia further abandoned all her claims and rule to Daghestan, Georgia, Mingrelia, Imeretia, and Abkhazia. Golestan Treaty marked a disastrous defeat of Persia against Russia, which would continue in the following decades until the Treaty of Turkmenchay was signed in 1828.

Apart from the effects of the treaty on khanates, Iran lost all her rights to navigate in the Caspian Sea and Russia gained the rights of stationing a military fleet in the Caspian Sea. However, the treaty also encouraged free trade between Russia and Persia, despite the fact that it also granted Russia the permission of conducting business wherever she wanted in Persia. Politically, Russia also promised to support Abbas Mirza as the heir to the throne after the death of Fath Ali Shah; however, Russia supported Mohammad Shah, who was highly Russian influenced, when Fath Ali Shah was succeeded.²⁵

After Iran and Russia signed the Treaty of Golestan, peace did not last long. The second Russo – Persian War in the late 1820s also ended with a major defeat of Persia. At the end of the war when Russia occupied Tabriz, the Treaty of Turkmenchay was signed in 1828. This treaty is still referred as the most humiliating treaty in Iran's history as the entire south Caucasus and the north of Aras River was left to Russia.²⁶ The Treaty of Turkmenchay was one of the most beneficial treaties

²⁴ Paul Reynolds. "Britain and Iran's Fraught History," *BBC News Online*, 29 June 2009, http://news.bbc.co.uk/2/low/uk_news/8116245.stm (accessed on 29 June 2009).

²⁵ "Golestan (Gulistan) Treaty," *The Circle of Ancient Iranian Studies Website*, <http://www.cais-soas.com/CAIS/Iran/golestan.htm> (accessed on 6 July 2009).

²⁶ "Turkamanchai Treaty," *The Circle of Ancient Iranian Studies Website*, <http://www.cais-soas.com/CAIS/Iran/torkmanchai.htm> (accessed on 6 July 2009).

in Tsarist Russia. With this treaty, Persia lost the northern Armenia including Yerevan. Moreover, this treaty also divided Azeri nation into two parts and this division still creates ethnic problems within Iran. In political and economic aspects, Russia gained capitulation rights as well as the right to send any Russian consulate envoys to anywhere in Iran. With this treaty, Russian – Persian border was marked with the Aral River. One of the most important results of this treaty was Russia's peak of power in the region started.

Even after the signing of the Treaty of Golestan and Treaty of Turkmenchay, unrest and warlike relations between Russia and Persia did not end. As Persia was very weak in 1860s, Russia continued pressuring to the south of Persia, and Central Asia and continued conflict during the years of 1873 to 1881. As the Treaty of Akhal was signed in 1881, Persia's loss of Central Asia forever to Russians was finalized.

Persia's continuing decrease of power led to a submission to an Anglo – Russian consulate in the later period of nineteenth century. In this period, Russia took advantage of various options emerged from Persia's weak political and military power. Iran witnessed many uprisings in the early 1910s. Just before a skirmish between Russian troops and Persia took place as a result of constitutional movement in Gilan, the Bolshevik Revolution took place in Russia, starting a new era of Soviets.

2.2 Soviet Era

Soviet – Iranian relations was never “good.” When the Soviet Union first established after the Bolshevik Revolution in 1917, communist attempts were made until 1920s in order to establish a communist structure in Iran. Especially starting from the Second World War, Iran saw the Soviet Union as a dangerous threat for herself. When in 1941, Britain and the Soviet Union invaded Iran and literally shared it among them; Iran's hatred for the Soviet Union grew dramatically. Moreover, Soviets were known to be behind the Azeri uprising in 1945 – 1946 in the Northern

parts, which resulted continues fear of a separatist Azeri population within the country even today.²⁷

After Russian troops took their positions within Azerbaijan, Iran and the Soviet Union started rounds of negotiations, which granted the Soviet Union several oil concessions and made Iran recognize the autonomy of Azerbaijan. In return, the Soviet Union accepted to withdraw her troops from Iran in May 1946.”²⁸

When Shah Mohammad Reza Pahlavi started his rule, he continued his father’s policies on opposing communism in Iran. He was harsher than his father and his ambitions would result in the Islamic Revolution eventually in 1979. During his rule, he achieved strict precautions against members of Tudeh Party, the communist party of Iran. These anti-communist policies made Iran a target for Soviets, especially with the good relations of Shah with the U.S. This obsession of anti-communism in Iran might also result a ripe condition for Islamic Revolution as Shah preferred clergy over communists clearly. Ironically, it was the same members of Tudeh Party, who sided with clergy in order to overthrow Pahlavi, were killed or imprisoned after the Islamic Revolution.

Although the Central Treaty Organization (CENTO), which Iran was also a member of, was an anti-Soviet organization, the Soviet Union used this for her interests, as she would benefit a secure environment in the region, in which there was no aggression towards her non-Soviet neighbours.²⁹ Despite the benefiting approach towards CENTO, which was led by the U.S. and the United Kingdom, the Soviet Union still viewed Iran as an ally to the U.S. and Iran’s cooperative relations with the U.S. was also a disturbance for the Soviet Union. After the 1979 Iranian Islamic

²⁷ Homa Katouzian. “Problems of Political Development in Iran: Democracy, Dictatorship or Arbitrary Government?” *British Journal of Middle Eastern Studies*, Vol. 22, No. 1/2, 1995, 7.

²⁸ Kemal İnat and Murat Yeşiltaş. “Islamic Republic of Iran” in Wolfgang Gielert, Kemal İnat and Claudio Kullmann (eds) (eds). *Foreign Policy of States – A handbook on World Affairs* (Istanbul: Tasam Publications, 2005) 222.

²⁹ Robert V. Barylski. “The Russian Federation and Islamic Crescent” *Europe – Asia Studies*, Vol. 46, No.3, 1994, 393.

Revolution, Iran stopped being an ally of the U.S. in the Persian Gulf. Russia saw the new regime as a positive development for Russian interests since the new regime in Iran was opposed to the U.S. and this might create an opportunity for a communist-friendly government and possible cooperation between two states. However, Iran's new Islamic government refused to create a communist-friendly environment and continued anti-communist behaviours in domestic and international arena. With the new regime, Iran became a "third force" in regional affairs and contributed the rise of nationalism and Islam in the Soviet Union.³⁰ This was certainly against the interests of the Soviet Union as there was a large Muslim population within and a rise of nationalism or Islam in the region would be an open threat for the Soviet Union. This situation forced both the Soviet Union and the U.S. to seek for a new balance in international arena and helped both states to develop relations.

After the Islamic Revolution took place in 1979, Iran showed her stance against states of the international order: expressing her dislike towards the U.S. and the Soviet Union, tolerating certain states of the Western Europe like Germany, Britain and France since these states could influence the international community and could become a gate way for Iran if needed. Both the U.S. and the Soviet Union expressed their dislike in the change of regime and Iran's behaviour against each of these states while Ayatollah Khomeini replied them saying;

"The superpowers [the U.S. and the Soviet Union] thought that Iran ... would be forced into isolation. That did not happen and Iran's relations with foreigners increased. We should act as it was done in early Islam when the Prophet ... sent ambassadors to all parts of the world to establish proper relations. We cannot sit idly by saying we have nothing to do with governments. This is contrary to intellect and religious law. We should have relations with all governments with the exception of a few with which we have no relations at present."³¹

³⁰ Robert V. Barylski. "The Russian Federation and Islamic Crescent" *Europe – Asia Studies*, Vol. 46, No.3, 1994, 393.

³¹ Adam Tarock. "Iran – Western European Relations on the Mend," *British Journal of Middle Eastern Studies*, Vol. 26, No. 1, May 1999, 42.

Of course this approach could only last until the Iran – Iraq war started on 1980, in which the West and the Soviet Union supported Iraq. The war not only highly damaged economic situation in Iran, but also created an environment of distrust for Iranians against trusting foreigners since they could backstab them at one point.

As Iran openly declared that she was neither supporting the U.S. nor the Soviet Union, a new balance was needed. In fact the famous policy of Rouhollah Mousavi Khomeini “neither East nor West” became the foreign policy of Iran, which was trying to create a stable and effective foreign policy. Iran – Soviet Union relations were totally not smooth during the Iran – Iraq war in 1980s. Barylski explains the process of Iran – Iraq war and the role of the Soviet Union as:

“The West cultivated Iraq with a view towards moving Saddam Hussein's regime into the Western foreign policy orbit. When Iraq attacked Iran in September 1980, it created unpleasant policy dilemmas for the Soviet Union. Moscow halted arms shipments to Iran and Iraq and urged both sides to return to the *status quo ante bellum*. The Soviet Union initially welcomed Khomeini's revolution as an anti-western revolution and Iran's communists supported it. However, in winter 1981 – 82, when Iran's revolutionary forces began scoring victories against Iraq and the West began replacing Moscow in Baghdad's arms purchasing, Moscow resumed arms shipments to Iraq. Iran responded by repressing the Iranian communist party and restricting Soviet activities in Iran. The Iran-Iraq war ended in a stalemate in July 1988.”³²

According to Mesbahi, there was three main periods over Soviet – Iranian relations during the Iran – Iraq war: the first period was during 1980 – 1982, in which the Soviet Union followed a neutrality policy towards Iran by not enhancing arms sales to Iraq and offering arms sales agreements to Iran, which was rejected due to historical distrust; the second period was during 1982-86, in which the Soviet Union shifted her stance towards Iraq as Iran rejected Soviet help and declared her ambition to overthrow Saddam Hussein, which was against the interests of the Soviet Union since Iraq was an ally in the end; the final period was during 1986 –

³² Robert V. Barylski. “The Russian Federation and Islamic Crescent” *Europe – Asia Studies*, Vol. 46, No.3, 1994, 394.

1988, in which the Soviet Union openly supported Iraq due to many reasons like Iraq's close relations with the U.S. and increasing concern towards the results of war.³³ Iran's negative attitude towards communism and the Soviet Union in general, pushed Soviets cooperate with Iraq in order to protect her interests. Soviet aid and arms sales to Iraq allowed her to continue resisting Iran despite her weaker state and with the attack of April 1988, Iran had to accept a ceasefire and eventually ended the war on August 20 1988.

The Soviet Union's support for Iraq exacerbated Iran's hostility against the Soviet Union. Although it is only a "what-if" case, but if the Soviet Union supported Iran instead of Iraq, which was hardly possible at that time due to the Soviet Union's policy on religion and political interests and Iran's recent revolution, Iran and Russia might have had a much stronger cooperation on various subjects like security and economic relations if Iran could put anti-communist approach aside. The Soviet Union's decision on not selling arms to Iran after Iran's rejection of Soviets help during that time shows how state's own interests can politically overcome economic benefits.

After the Iran – Iraq war ended in 1988, the Soviet Union and Iran's paths once again intersected due to border security in the Caspian region. In 1989, Azeris, both on Soviet and Iranian side, rebelled in order to unite both Azeri societies as a unified state. This was certainly not something tolerable neither for Iran, the Soviet Union nor Turkey. In the end, former Soviet President Mikhail Gorbachev sent Soviet troops to restore Soviet control both in Soviet Azerbaijan and on the border in January 1990, which resulted in the "Black January," the bloodiest use of force on Soviet republics in Gorbachev era. Interestingly, the U.S. did not protest Soviet pressure in Azerbaijan unlike she did in the Balkans.³⁴ Moreover, despite the aim of

³³ Mohiaddin Mesbahi. "The USSR and the Iran–Iraq War: From Brezhnev to Gorbachev," in Farhang Rajaei (ed.) *The Iran–Iraq War: The Politics of Aggression* (Florida: University Press of Florida, 1993), 74-89.

³⁴ Robert V. Baryliski. "The Russian Federation and Islamic Crescent" *Europe – Asia Studies*, Vol. 46, No.3, 1994, 396.

oppressing Azeri population, Black January created a more solid understanding of national identity of Azeris.

Following the Iran – Iraq war, Soviets engaged in arms sales to Iran starting from 1989. The Gulf war started in 1991 and Iran's dependence on Soviets on arms sales deepened as a result of Iran's negative attitude towards the U.S., which was Iran's main military resource during the Shah era. For years, Iran had to struggle for stability at home and in the region while trying to improve the economic situation in the country. Both of the wars changed Iran's behaviour and foreign policy more than she planned. Iran started to bind relations, both economic and political, with European states in order to gain the necessary foreign capital for domestic developments.³⁵ During 1990s, Germany refused to help Iran on nuclear projects due to American pressure, and as a result, Iran had to cooperate with the Soviet Union which eventually characterized Iran's nuclear program with Russian and Chinese influences during 1990s.³⁶

Just after Gorbachev dissolved the Soviet Union, ethnic civil wars started in the Caucasus. As a result of national interests, both Turkey and Iran did not tolerate civil wars, which are just on the other side of their borders. Both states used political and military restraints in order to stop the unrest among the region. Dissolved-Soviet Union's lack of military means would have not let peace in the region, so Turkey and Iran's determination helped things not getting worse as both countries' interests pushed them to adopt containment policies towards ethno-national extremism in the Caucasus.³⁷

As the Soviet Union dissolved in early 1990s, Iran felt relief since she at last got rid of a state, which threatened both directly and indirectly the national security of Iran.

³⁵ Adam Tarock. "Iran – Western European Relations on the Mend," *British Journal of Middle Eastern Studies*, Vol. 26, No. 1, May 1999, 43.

³⁶ Shahram Chubin. *Iran's Nuclear Ambitions*. (Washington: Carnegie Endowment, 2006) 7.

³⁷ Robert V. Barylski. "The Russian Federation and Islamic Crescent" *Europe – Asia Studies*, Vol. 46, No.3, 1994, 397.

Moreover, dissolution enabled cooperation between Iran and the newly established Russia on many subjects as Russia could use this cooperation pragmatically for her own interests.

2.3 Yeltsin Era

When Boris Yeltsin came to power, he had to reshape the foreign policy of Russia in order to make the new Russian Federation survive. With Yeltsin, Russia started to build better relations with other countries (especially the Muslim countries) like Turkey, Iran, Afghanistan and Pakistan. One of the reasons why Yeltsin immediately pursued a policy of better relations with her neighbours, like Turkey and Iran, was to prevent international conflict while he could focus on the area within her boundaries as what Russia immediately needed was domestic peace and stability.³⁸ Moreover, Iranian President Akbar Hashemi Rafsanjani gave importance to re-shape relations with Russia in order not to alienate Russia during the Soviet Union's dissolution and enabled a fertile environment to trade instead of a fear of Islamic aims from Iranian side.

Russia's opening to world during the first half of the Yeltsin period was also related to the domestic policy of the newly established state, which was enforced by Andrey Kozyrev, Foreign Minister of the Russian Federation until Yevgeny Primakov replaced him in January 1996 shifting the foreign policy of the country to a more nationalist one from a pro-western type.³⁹

When the first rush of reconsidering various foreign policies period ended, Yeltsin started to focus on economic policies and wanted to increase Russia's trade with other states in order to put a stop to the poor economic condition of the country. Despite Russia's desire, after 1991, most of the Caucasian states increased their

³⁸ Robert V. Baryliski. "The Russian Federation and Islamic Crescent" *Europe – Asia Studies*, Vol. 46, No.3, 1994, 391.

³⁹ Robert O. Freedman . "Russia and Iran: A Tactical Alliance," *SAIS Review*, Vol. 17, No. 2, 1997, 94.

trade with China. Unlike them, in 1995, Azerbaijan increased her trade with Iran especially on oil refining in exchange for food and other consumer goods, which placed Iran as the main trade partner of Azerbaijan by pushing Russia to the second place during that period.⁴⁰

Although Central Asia was important for Russia in Yeltsin era, Persian Gulf was also important as Iran held a strategic position in the region. Moreover, oil-richness of Persian Gulf put Iran politically to an important position. As a result of Russia's desire to be careful about the region made Yeltsin try to balance Russian foreign policy among Iran, Iraq and the Gulf Cooperation Council (GCC) states.⁴¹ As all these states had deep hostility among themselves, Yeltsin thought he could use this hostility to keep the region in a shape that was parallel to the interests of Russia.

With the decrease of Russian power after the dissolution of the Soviet Union, Iran also became important for Russia during Yeltsin area. Both states understood the necessity of cooperation as a new order in the region was shaped. Although Russian – American relations were quite well during the first years of Yeltsin's presidency due to pro-western foreign policy, surprisingly, Iran's importance also began during this time. A "pragmatic cooperation" gradually occurred while Russia started to recover from the harsh period of adjusting. Interestingly, Russia sold a lot of war craft to Iran in 1993. This seemed conflicting with the desire of Russia, Turkey and the U.S.' to block Islamic fundamentalism in the region.⁴² Selling arms and cooperating with Iran was firstly related to Yeltsin's policy of showing how Russia could exercise independent policies towards any country on any subject, without the intervention or the influence of the U.S. or another state like in the case of Iran.

⁴⁰ Richard Pomfret. "The Economic Cooperation Organization: Current Status and Future Prospects" *Europe – Asia Studies*, Vol. 49, No.4 June 1997, 662.

⁴¹ Robert O. Freedman. "Russia and Israel under Yeltsin," *Israel Studies*, Vol. 3, No. 1, Spring 1998, 147.

⁴² Robert V. Barylski. "The Russian Federation and Islamic Crescent" *Europe – Asia Studies*, Vol. 46, No.3, 1994, 411.

According to Barylski, another reason of a tactical cooperation between Russia and Iran right after the dissolution of the Soviet Union was to avoid Pan-Turkism in the region.⁴³ At first glance, Pan – Turkism seemed a right assumption in the region; however, in reality Pan – Turkism was not practical for many reasons in the region and could only survive in a very limited area for a short time period. Moreover, according to Barylski, Pan – Turkism was not the only reason for cooperating with Iran, but, controlling and finding an ally towards Azerbaijan issues and Taliban was a more important reason for Yeltsin to collaborate with Iran. Opposing Azerbaijan with Russia was also one of Iran’s best interests especially when in 1994 Azerbaijan signed the “contract of the century” with an international consortium on petroleum exploration in the Caspian Sea and expelled Iran from the agreement in 1995.

Another reason for cooperating with Iran was simply the fact that Iran was a good market for arms and technology sales. Although these arms sales to Iran was under the policy of economic gains and relatively cooperation efforts, arms sales to Iran continued only until 1995 during Yeltsin era, when Yeltsin made two concessions to the United States on arms sales to Iran.⁴⁴ While the first one was cancelling the sale of uranium-enriching centrifuges to Iran by reversing the Russian Ministry for Atomic Affairs (Minatom), the second one was the Gore – Chernomyrdin agreement that promised to end the arms sales when the existing agreements expired at the end of 1999. Despite the fact that these concessions’ first impression was Yeltsin’s withdrawal from an Iran-friendly policy, in reality, Russia continued her good relations with Iran with other aspects like the Russian Ambassador’s description of Russian – Iranian relations as a “strategic relationship” in 1995.⁴⁵ It would be irrational if Russian turned her back to Iran for good with NATO’s expansionist policies and the ongoing Chechnya War during that period. What Russia did during

⁴³ Robert V. Barylski. “The Russian Federation and Islamic Crescent” *Europe – Asia Studies*, Vol. 46, No.3, 1994, 412.

⁴⁴ Robert O. Freedman . “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, 12 March 2008, <http://www.alternativesjournal.net/volume2/number2/putin.htm>.

⁴⁵ Robert O. Freedman . “Russia and Iran: A Tactical Alliance,” *SAIS Review*, Vol. 17, No. 2, 1997, 102.

Yeltsin era was to amuse the U.S. with positive decisions on nuclear related trade, just like the U.S. wanted and which was also compatible with Russian interest since a nuclear weapon holding Iran would be a threat for her. At the same time, Russia continued good relations with Iran on strategic and security issues on Central Asia and the Transcaucasus.

Russian – Iranian relations were not only based on economic gains, but also on political needs. When the Iranian Foreign Minister Ali Akbar Velayati expressed how the Russian – Iranian relations were at its peak in March 1996 in his Moscow visit, Russian Deputy Foreign Minister Albert Chernyshev responded one month later in a broadcast in Iran saying “Our country opposes the isolation of Iran in the system of international relations that America demands. We believe we can cooperate with Iran. We are doing that now and will continue to do so.”⁴⁶

2.4 Conclusion

To sum up, starting from the Tsarist Russia, relations between Russia and Iran showed different levels. With the treaties of Golestan and Turkmenchay, Iran’s submissive position vis-à-vis Russia was finalized. Losing a lot of districts to Russia, Iran’s scepticism towards Russian ambitions emerged and continued since then. Yeltsin era was very fruitful for developing better relations between two states compared to the Soviet era. Soviet era was mostly full of hostility towards the Soviet Union from Iran. Iran's anti-communist policies and fears put two states face to face more than one time. With Tudeh Party’s activities during Shah regime, the Soviet Union was seen as a source of communism, which was seen as dangerous for the regime.

When the Soviet Union fell apart and Russian Federation emerged from the ashes, Yeltsin period brought a different phase for Russian – Iranian relations. When Iran convinced Russia that she was not after spreading Islamic fundamentalism in the

⁴⁶ Robert O. Freedman . “Russia and Iran: A Tactical Alliance,” *SAIS Review*, Vol. 17, No. 2, 1997, 103.

Caucasus and Central Asia, Russia could start close cooperation with Iran. Both states could benefit from this cooperation option as there were many advantages in pragmatic sense. Russia could use hard currency while Iran could find herself an ally against the U.S. in order to get less damage from the embargo. Moreover, both states could make a strategic front against Taliban and Azerbaijan by securing the region.

Russia's main motive in this so-called strategic cooperation was to use Iran for her own interests. Even in Yeltsin era, when Russia was vulnerable both in economic and political terms, bilateral relations of Russia and Iran showed differences on means sense. While Iran needed Russia as a powerful ally against the U.S. and the regional issues, Russia was on good terms and cooperating with Iran because of pragmatic reasons, mostly for economic gains. However, economic gains were not everything even back then for Russia. Yeltsin period was a good show case for this pragmatic acts of Russia as Yeltsin cancelled certain arms sale agreements with Iran in order to stay on the good side of the U.S. In fact, Russia did not need Iran desperately but they both benefited certain benefits and advantages of cooperation during Yeltsin's rule.

CHAPTER 3

THE ENERGY DIMENSION

3.1 Introduction

Hydrocarbons are one of the most important factors on economic and political decisions. They can turn the market upside down with a flick of increase in the barrel prices, or the amount and uncertainty of them can lead to conflicts at the very best to skirmishes and even wars. Especially in a region where there are theories on hydrocarbons as factors, they can easily increase the value of a hydrocarbon rich state. Not only producing, but also exporting and being a transfer state are also important positions regarding the market.

Hydrocarbons and their transfer also bring another question in mind: what about the security of the transfer? Security is a very important criterion for the transfer of oil and natural gas. It can force states to follow different routes, much costly routes in order to make the transfer safer. Especially in problematic areas like the Transcaucasia, in which regional states want to have more important position in the international security arrangements, security of the pipelines is very important.⁴⁷

When Iran and Russia are the subjects, having two of the richest hydrocarbon reserves of the world put both states in very important places in respect to the politics and economy. Their relations with each other are not totally determined or shaped by hydrocarbons, however when looking at the region, their bilateral regional position vis-à-vis other states are hydrocarbon driven. Especially when the

⁴⁷ Lena Jonson. "The New Geopolitical Situation in the Caspian Region" in Chufirin, Gennady (ed). *The Security of the Caspian Sea Region* (London: A SIPRI Publication, 2002) 13.

Caspian problem is the case, hydrocarbons, their economic and political importance became a harmonious and complex character of the states' relations with each other and how interests can result in changes of political behaviour. Regarding the Caspian problem, economics is not the real drive of the problem, but security and political interests are the real points behind all. Especially with Iran's little possible gains compared to the Persian Gulf reserves shows how Realism wins this argument and how states first seek security and continuity of their well-being. It should be noted that states act on region's oil and gas production and export according to a zero-sum game, especially Iran and Russia trying all they can do in order to win this so-called game even by force or by shifting policies and approaches.⁴⁸

When the Soviet Union first collapsed, in an environment of diminishing power of Russia, it was still unclear, who would fill in the power vacuum of the Transcaucasia: Turkey, Iran or even the U.S.⁴⁹ Despite demands on the cheapest and most effective way of transporting oil and natural gas, politics forestalls economic interests once again. Making Iran a transport location for Eurasia's oil and natural gas is completely out of question and the U.S.' demands blocks such an opportunity. While Iran is cut off from the game, other countries also view Russia suspiciously because of her past. Moreover, a monopoly on hydrocarbon transfers can be quite dangerous. This is the main reason behind the project Baku – Tbilisi – Ceyhan (BTC), not the low cost of the pipeline. In fact, BTC is a far more expensive project compared to other possibilities and existing ones. Moreover, the bureaucracy in Azerbaijan and Turkey turns BTC pipeline and the prospect and execution of oil into a forcedly desired alternative – until the political situation in the region is fixed and stable.⁵⁰

⁴⁸ Lena Jonson. "The New Geopolitical Situation in the Caspian Region" in Chufirin, Gennady. *The Security of the Caspian Sea Region*, (London: A SIPRI Publication, 2002) 16.

⁴⁹ "Eastwest Challenges: Energy and Security in the Caucasus and Central Asia – Report of a Meeting in Stockholm," *Colombia International Affairs Online*, September 1998, www.ciaonet.org/wps/ewi17/ewi17.pdf, 9 (Accessed on 15 March 2008).

⁵⁰ "Eastwest Challenges: Energy and Security in the Caucasus and Central Asia – Report of a Meeting in Stockholm," *Colombia International Affairs Online*, September 1998, www.ciaonet.org/wps/ewi17/ewi17.pdf, 14 (Accessed on 15 March 2008).

Both Russia and Iran have their own energy resources, and the Caspian oil and gas are relatively less important compared to their hydrocarbon reserves in Siberia and the Persian Gulf. Still, already having large reserves of oil and gas does not mean to care less for potential reserves, and other states' interests in the region like Turkey and China, which are neighbours to the region, and European states and the U.S. creates a security need for both states.

This chapter will mainly focus on the Caspian reserves problem and the political struggle over the region's oil and natural gas reserves. Although hydrocarbons do not directly affect Russian – Iranian relations, they are still important in order to see the shifts of policies over the regional issues and how these shifts influence bilateral relations. As regional problems, hydrocarbon sharing, drilling and transportation becomes important elements regarding Russian – Iranian relations.

3.2 The Role of Energy in Russia's Foreign Policy towards Iran

As invests increases in the region for new reserve dwelling, the security need increases in a parallel way. Especially developed Western states become concerned about the regional security since many European states are planning to import oil and natural gas from the Caspian Sea. Moreover, states like Iran, Turkey and Russia are also competing over transfer routes of the hydrocarbons and security problems of each state are highly emphasized to get the biggest share of revenues from routes or export. While Russia is the least favourite route for the exporter states, Iran lacks support from the developed states like the U.S., and Turkey becomes a route with high costs and concerns for terrorist sabotages. As none of the states have perfect reasons for having the main route, the struggle over new routes continues to go on. This situation also puts Russia and Iran face to face as rivals.

After 2006, Putin has already started to show his interest in Iranian President Mahmoud Ahmadinejad's suggestion on establishing a cartel of gas exporting countries including Russia and Iran. This potential gas OPEC can be a nightmare for Europe especially with the participation of Algeria, which is Europe's second gas supplier. When Putin makes a cooperation attempt with Algeria, bells for

Europe ring in a serious way. In April 2007, Doha meeting of Gas Exporting Countries' Forum (GECF), which was first established in 2001 in Tehran,⁵¹ once again Russia and Iran raise the discussion to create a gas cartel with their full support, as Putin also pushes for the options to strengthen GECF. Despite Russian and Iranian eagerness to create a gas cartel, it also has a lot of obstacles like the current stance of gas producer states and their relative powerlessness compared to pipeline routes. In addition to general status, as Fachinotti says, "Russia –which [is] years behind countries like Qatar and Algeria in terms of LNG technology– resisted the trend because of its continued focus on pipelines and long-term contracts, the market might well remain fragmented for a long time."⁵² Since Putin is not the president anymore from 2008 and onwards, it is not certain what will happen on this plan. Still, there are more reasons that will prevent establishing a gas cartel. Again as Fachinotti says,

“Both Russia and Iran have raised the possibility of collaboration, but the political obstacles are significant. As long as the nuclear issue is not resolved, Russia will not engage in serious collaboration in the energy sector because doing so would provoke a major dispute with Europe, its main consumer, and because emboldening Iran is not necessarily in Russia's interest either. In the medium run, it is not clear that the two countries would really have an interest in cooperation since they are likely to compete for the same markets. It seems unlikely that a country like Iran, which has an enormous potential for future exports to Europe that are not reflected in current sales, would want to agree on market shares at this point. On the Russian side, there are no incentives to help a competitor emerge from its current state of isolation”.⁵³

⁵¹ GECF was established as an institutional framework for a possible “producers’ cartel” from the beginning. Despite the aim, the organization had very little capacity and power to push enforcements and could only operate as a platform for communication and discussion. It does not have a clear understanding of membership but Algeria, Bolivia, Brunei, Egypt, Equatorial Guinea, Indonesia, Iran, Malaysia, Nigeria, Qatar, Russia, Trinidad & Tobago, the UAE and Venezuela are defined as the current members. Important gas supplier countries like Turkmenistan and Oman have participated at different ministerial meetings and Norway has the status of observer. GECF has annual meeting since its establishment, however the 2006 Venezuela meeting was postponed to 2007 for Doha due to the collapse of the Venezuelan presidency in 2006. See <http://www.gecforum.org>.

⁵² Matteo Fachinotti. “Will Russia Create a Gas Cartel,” *Russian Analytical Digest*, No. 18, 15.

⁵³ Matteo Fachinotti. “Will Russia Create a Gas Cartel,” *Russian Analytical Digest*, No. 18, 16.

When the Soviet Union dissolved, the Central Asian states were very sceptical about Iran's motives when she approached them for establishing relations either bilateral or multilateral. As the time passed, it becomes clear that Iran has no visible intention of regime export to Central Asia. Iran has very little to gain if she can export her Shiite regime to the Sunni Central Asia. But, she has a lot of gains when stability is achieved in the region. Especially with the forced isolationism, Iran has to be in good relations with China and the Central Asian states. That is also the common point for Iran's relations with Russia. Both Russia and Iran support and wish for stability in Central Asia. Actually, Iran will suffer if she seeks instability and work for anything that will cause instability in the region and work against Russian interest which is quite important as Russia seems to be the most important country with resources and willingness to help the Central Asian states for her own interests.

Having good relations with Central Asia is very important both for Russia and Iran as these states now have an opportunity to occupy an important place in world energy sector. However, as they are landlocked, they need other states to transfer their oil and natural gas to world markets like Europe. While Russia tries to benefit from existing pipelines from the region, Iran struggles to engage in a "rental state" position and competes with Russia, which puts Russia in a rival position.

Apart from arms and technology sales to Iran, Russia also finds Iran an important trade route that makes the costs less for reaching international markets,⁵⁴ despite the rivalry on oil and natural gas. After the collapse of the Soviet Union, Russia has lacked the free access to the Caspian Sea ports of Azerbaijan or Turkmenistan. Iran replaces these ports for Russia with mutual cooperation policies. Moreover, neither Russia nor Iran want a powerful Azerbaijan on the Caspian region since this will mean that the hydrocarbon flow of the region will be over Azerbaijan through different routes like Georgia and Turkey. Both countries refuse and stand against the BTC pipeline. This is also one of the reasons –apart from the political and economic

⁵⁴ Hooman Peimani. *Regional Security and the Future of Central Asia*. (Westport: Praeger, 1998), 116.

reasons on the Caspian Sea's allocation among littoral states- why Russia and Iran cooperate on the Caspian Sea issue with other littoral states.

3.3 Russian – Iranian Positions on the Status of Caspian Sea

As the Industrial Revolution took place, energy for industrialization becomes a focus of developed and developing countries. Oil and natural gas are two of the most important energy sources in the world, and this makes them the focus of energy conflicts between states. The value of hydrocarbon sources creates important problems like oil price shocks and cutting hydrocarbon flows because of political and economic goals. These kinds of problems create needs for alternative hydrocarbon exporting countries. After the OPEC based problems, developed countries like the U.S. and the EU members have started to search for alternatives. Russia, world's another giant hydrocarbon producer, also becomes a menace for hydrocarbon importer countries. With an example of problems like the one between Ukraine and Russia, Russia has started to be seen as a possible obstacle for proper and smooth hydrocarbon flow.

Whether the Caspian Sea is the largest lake in the world or a closed-basin sea, its economic value approximately 5 – 6 billion USD per year with biological resources, mainly fish, with its 78.200 cubic kilometres volume and 436.000 square metres surface area, has been an important issue both in terms of hydrocarbons and of security and political reasons.⁵⁵ With five littoral states including Russia and Iran, and international actors having each interests of their own, Caspian basin become a subject of conflicts, which sometimes even lets to serious disputes. Apart from fishing and caviar producing, hydrocarbons become one of the most important points regarding the Caspian Sea. This turn of events results in years long arguments about the shares of each littoral state if not the status of the Caspian Sea.

⁵⁵ "Caspian Sea," *LakeNet*. <http://www.worldlakes.org/lakedetails.asp?lakeid=8762> (Accessed on 30 September 2008).

Problem of clarifying the status of the Caspian Sea has been the obstacle for division. Tsarist Russia and Persian Empire signed two important treaties in order to end wars and skirmishes that had been going on for years even back than: the Golestan Treaty in 1813 and the Turkmenchay Treaty in 1828. Defining the borders of Caspian region, both in land and in water, continued to be important during Soviet era. According to the 1921 the Treaty of Friendship and the treaty in 1940 between Iran and the Soviet Union, which replaced previous treaties and rearranged shipping rights, Caspian was accepted to be divided into two equal parts,⁵⁶ as it was accepted as a lake. However, with the dissolution of the Soviet Union, Azerbaijan, Kazakhstan and Turkmenistan joined the discussions as none of them want to accept the previous treaty between two states, which none of them are sides to it anymore. Despite objections of Azerbaijan, Kazakhstan and Turkmenistan, Iran continues to push to make them accept the previous agreement and says that previous agreement between Iran and the Soviet Union is the way Iran will accept regarding the Caspian issue. Theoretically, since Iran and Russia do not share a common border anymore, all the previous agreements between them are already null and void, despite Iran's arguments.

After Russia's change in position on a common seabed and sea resources in the Caspian Sea, Iran accepts a national division with one condition: equal share for each littoral state. Iran's insistence for an equal division of the Caspian Sea, which will give each littoral state 1/5 of the Caspian Sea, is quite understandable since Iran's current share according to the assumption that the Caspian Sea is in fact a sea is smaller than 1/5 as her coastline is relatively smaller. According to Robert O'Connor, division of the Caspian Sea based on national proportions is as follows: Russia, 18.5 percent; Kazakhstan, 30.8 percent; Turkmenistan, 16.8 percent; Iran, 18.7 percent; and Azerbaijan, 15.2 percent.⁵⁷ In order to end this discussion and focus on Caspian, Russia proposes a compromise of dividing the seabed according

⁵⁶ With the treaty in 1940, Caspian Sea was started to be treated as a "common sea."

⁵⁷ Cited in Kamyar Mehdiyoun. "Ownership of Oil and Gas Resources in the Caspian Sea" *The American Journal of International Law*, Vol. 94, No. 1, January 2000, 179.

to national divisional lines and accepting the surface, including fishing and caviar production, as a common ground for all littoral states with exclusive zones for each state. This proposition is first seen as a good solution to end the disputes; however, Caspian's small size prevented this option, leaving the ongoing dispute and arguments to continue.

When we focus on Caspian oil once again, developed countries have already discovered the opportunities that can be achieved by using Caspian sources. Although the proven reserves can not challenge Saudi oil alone, they still help creating alternative resources. In 2008, Caspian oil and gas reserves do not make a clear escape from a possible problem on hydrocarbon trade. However, with a different route, Caspian hydrocarbon reserves can be a cure to European and American interests in the middle run. Creating a possible gas cartel in Eurasia, like OPEC, sounds too good to be true, as it will be very profitable and powerful. Putin's opinion of a possible cartel still continues with Medvedev's rise to the presidency of Russia. Like Putin and Medvedev, Ahmedinejad also kept expressing his support and wish for a natural gas cooperation in the region.

From Russian perspective, the Caspian Sea is a complicated case. Because of the different points of importance within Russian ministries, a simple and clear policy towards the basin is not possible. The clash between Russian Foreign Ministry and Ministry of Fuel and Power become problematic for Russian government. While Foreign Ministry wants to act according to international lake regulations to protect Russian political interest at maximum and thus siding with Iran intentionally or unintentionally, Ministry of Fuel and Power wants to protect economic gains in the region by taking place in the agreements mainly signed by Azerbaijan, thus giving concessions on her share in or the legal status of the Caspian Sea.⁵⁸ As an example, when Russian government signs an agreement with a mainly Western consortium on hydrocarbons in the Caspian Sea for \$8 billion, Foreign Ministry reacted harshly by sending letters both to the British Embassy and the Secretary General of UN

⁵⁸ Kamyar Mehdiyoun. "Ownership of Oil and Gas Resources in the Caspian Sea" *The American Journal of International Law*, Vol. 94, No. 1, January 2000, 186.

indicating that despite the signed agreement, Russia will never let them act against Russian interest in the region.⁵⁹

The clash between two ministries also results in shift of foreign policy acts on Caspian region. Although Russia was siding with Iran on dividing the Caspian Sea until 1994, her position regarding the issue turns to a different angle as Foreign Ministry of Russia once again clashed with the Ministry of Fuel and Power over Azerbaijani oil operations in the Caspian Sea. While the Foreign Ministry declared the operation illegal and demanded a stop, the Ministry of Fuel and Power made a deal with Lukoil to cooperate with Azerbaijan.⁶⁰ At the end, Prime Minister Chernomyrdin, who was the former head of Gazprom, confirmed the cooperation, ending the argument between two of Russian ministries at least on this issue. In 1996, Russian attitude towards the Caspian Sea was softened as Russia proposed a new plan involving both Russia and Iran to participate on possible operations, plans and cooperation by dividing the national sectors. This way, Russia could put an obstacle for Azerbaijan to do whatever she wanted in the basin with other powers, which became sides in the competition in the Caspian Sea. Unfortunately for Iran, Russian position continued to change in 1998 when Russia signed a new agreement with Kazakhstan on a national share of the Caspian Sea among both states according to an equidistant line.⁶¹ As a result of this bilateral agreement, Russia announced a final decision on her acceptance and support of a divided Caspian according to national sectors. Despite a clear division with national sectors, Russia still continues to support a common water policy, restricting the division only to seabed.

Russia is perhaps the main actor in the Caspian region as she is both a hydrocarbon producing country and a transit country. She involves with other former republics of

⁵⁹ Kamyar Mehdiyoun. "Ownership of Oil and Gas Resources in the Caspian Sea" *The American Journal of International Law*, Vol. 94, No. 1, January 2000, 185.

⁶⁰ Kamyar Mehdiyoun. "Ownership of Oil and Gas Resources in the Caspian Sea" *The American Journal of International Law*, Vol. 94, No. 1, January 2000, 186.

⁶¹ "Russia and Kazakhstan Share Caspian Spoils," *BBC News Online*, 7 July 1998, <http://news.bbc.co.uk/1/hi/world/asia-pacific/127236.stm> (Accessed on 11 February 2008).

the Soviet Union and she is one of the main trade partners in the region. Iran is also one of the littoral states of the Caspian Sea. She is, like Russia, one of the most important actors related with the Caspian basin because of her geographical position and political role in the eyes of many states like the U.S. and the Caspian countries. Iran's geographical position between different regions and two important seas (the Caspian Sea and the Persian Gulf) make her also strategically important.

When it comes to the Caspian Sea, Iran does not have great amount of reserves in the region compared to the Persian Gulf. Although this is the case, Iran still gives top level importance to the region and its main reason is the Azeri population of Iran in the Caspian border, where Azerbaijan also exists. Iran is afraid of a possible Azeri uprising in the region as a secessionist movement. Other than that, one of the most important oil fields in the Caspian Sea is very close to the Iranian border and Iran have struggled for years claiming that Iran should control that field instead of Azerbaijan. Moreover, Iran sees these other littoral states, except Russia which also does not have great reserves in the Caspian Sea compared to Siberian reserves, as rivals in the international energy markets. Not only holding large amounts of hydrocarbons, Iran also wants to control the main transportation routes of these hydrocarbons to the importer states.

The Caspian Sea's status not only has been a major problem for Russian – Iranian relations, but also for the Caucasian states' relations with both states. While Iran claims that the Caspian Sea is in fact a lake and as a result it should be divided according to the international lakes' regulations, meaning equally divided, Azerbaijan and Russia (after signing an agreement with Kazakhstan in 1998) mainly claim that it is a sea despite its landlocked situation, and should be divided according to national sectors. Despite various affords against Iran, Iran continues to demand for 20 percent from the Caspian Sea instead of her current percent of national sector.

The status of the Caspian Sea is problematic for the region because of its juridical position.⁶² Behaving according to the argument that the Caspian Sea is indeed a sea, would give Azerbaijan around 80.000 square kilometres according to her coast length, however, this argument only would give 40.000 square kilometres area to Iran since her coast length is relatively shorter. As a result, in order to be one of the “winning” parties, Iran suggested that an international institution, composed of all littoral states, should be established to carry on the drilling of the hydrocarbons of the Caspian Sea. This will be of course a profitable act for Iran since the richest reserves are out of Iran’s national area, but a non-profitable act for Azerbaijan, which had rich reserves in her national area. Another suggestion from Iran is to divide the whole the Caspian Sea to equal parts for all littoral states despite their coast lengths. During the conflict between Azerbaijan and Iran, Russia has been dealing with inner disputes among her Ministries as it was mentioned earlier.

With Russia not playing a strong mediator, Azerbaijan refuses all the options Iran proposes. After Heydar Aliyev signed the “Contract of the Century,” the contract left both Iran and Russia out of the profiting range, thus creating a new reason for hostility.⁶³ 2001 military act of Iran is a proof for the hostile seeds between two states, which grow well after the mentioned contract leaving Iran out of the whole contract because of the U.S. pressure. Although this contract also left Russia in a position less than Russia’s aims, it did not created as much problems like it did with Iran. Instead of siding with Iran in order to stop Azerbaijan having the largest share, Putin follows policies like softening the clashes with Azerbaijan and creating

⁶² The biggest problem is between Iran and Azerbaijan since other states do not get affected from the divisions as much as these two states. According to Djalili, “Azerbaijan was in favour of sharing offshore resources while transposing the modalities of international maritime law, applicable only in open seas, to an enclosed sea—the Caspian.” This basically sums up Iran’s point of view claiming Azerbaijan’s attitude was against international laws. Thinking about the Realist point of view, both Iran and Azerbaijan’s attitudes were not surprising since both states wanted to pursue the interests of their states. As the rule of states’ survival, both states wanted to push until they got the most advantageous position vis-à-vis others. See Mohammad-Reza Djalili “Iran and the Caucasus: Maintaining Some Pragmatism,” *Connections Quarterly Journal*, Vol. 1, No. 2, July 2002.

⁶³ Actually, Russia was not left out of the “Contract of the Century” literally. Lukoil has 10% share in the contract, but taking the hydrocarbon route out of Russia dissolve the Russian aim to profit by handling the transport of the Caspian oil.

tactical relationships, especially on the Caspian issue when he becomes the president. It is clear that Russia seeks a self-interest policy instead of a so-called “strategic partnership” with Iran. “Contract of the Century” is important to show Russia’s real aims and means.

Another important clash is between Russia and the rest of the littoral states, which also affects Russia's relations with Iran. During the Soviet era, Russia was the only destination for Caspian oil and natural gas. But after the dissolution, the Caucasian and the Central Asian states state their desire to seek new routes for hydrocarbon trade. Russia is, naturally, against the new routes as she gains a lot as a “transport route,” and new routes will end the profits of transition. Unfortunately for Russia, she acquiesced BTC pipeline after she focuses on the Blue Stream gas pipeline with Turkey in August 1998. Both of these projects destroy the hopes of Iran for being a hub for hydrocarbon trade. As the U.S. and Western states refuse any route passing through Iran, Russia’s neutrality on Iranian routes and seeking her own interests by making deals with Turkey makes issues more difficult. Despite the swap agreement between Iran and Turkmenistan over oil, natural gas is locked up by the Russia, and this results in a race for tripartite deals to involve Russia, Iran and Central Asian energy producers to her own list.⁶⁴

Despite Russia’s support for Iran over the Caspian Sea issue at the beginning, she changes her behaviour after it becomes clear that there are sizeable oil reserves within her national section. After the discovery of oil reserves in Russian part, Putin decides to have better relations with her neighbour, Azerbaijan, in order to engage in contracts and agreements with the new “pearl” of the region. This also enables an easier oil production and profits from the Caspian oil reserves.⁶⁵ Starting from 2001, Putin starts to follow a different policy in the region in order to have a better

⁶⁴ Robert O. Freedman . “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (accessed on 12 March 2008).

⁶⁵ Robert O. Freedman . “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (accessed on 12 March 2008).

chance to overcome the economic problems of Russia. Therefore, Russia realizes that she can readjust her relations with other littoral states, especially with Azerbaijan. To heal the struggling Russian economy, Putin shifts his policy on the Caspian Sea basin in order to improve relations with Azerbaijan. By this change of policy, Russia aims to expedite oil production, and the profits results from, but this change of attitude literally leaves Iran alone on struggle. Without Russia's support, Iran can only protest and stay aside, especially with Russia's agreements with other littoral states on the line. Iran clearly needs Russia in the regional problems while Russia has the independence to follow her own interests. Iran's demand for a 20 percent share of the seabed becomes a wishful thinking with Russia signing an agreement with Kazakhstan in 1998, splitting the sea into national sectors, and a similar agreement with Azerbaijan in January 2001, during Putin's visit to Baku.

Interestingly, just a few months after the agreement with Azerbaijan is signed, a Russia also signs an agreement with Iran in November stating: "the sides do not officially recognize any borders in the Caspian Sea" and "the legal status of the Caspian had (sic) to be based on the agreement of the five littoral states."⁶⁶ After a few days from the agreement, Transneft agreed to cooperate for Samara – Kazakhstan – Iran oil pipeline. Although this project does not come to life, Kazakhstan – Iran oil swaps have been continuing until today, despite Kazakhs' fear of angering the U.S.

Although Russia tries to play three ways in the game of balancing her relations with littoral states, Iran sees that Russia clearly changes her side on the Caspian issue. These agreements with Azerbaijan and Kazakhstan leave Iran alienated against the three important hydrocarbon producers in the Caspian basin. After Iran results in the cancellation of the Caspian Summit in April 2002, Russia starts to have different views on the strategy she follows towards the Caspian Sea and the littoral states. Russia does not have close relations with Azerbaijan even after the bilateral

⁶⁶ Robert O. Freedman . "Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq," *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (accessed on 12 March 2008).

agreement between them, and Iran – Azerbaijan problems just fuel the distant relations between Russia and Azerbaijan. In September 2002, Putin and Aliyev signs an agreement which results in the national division of the seabed between two littoral states, namely Russia and Azerbaijan, but keeping the water as for the common use of the littoral states. Like she did in 1998 with Kazakhstan, Russia accepts the national sector division by signing this contract. Despite Russian strong will to agree with Azerbaijan and to leave Iran with “an effective share” of the Caspian Sea with no choice for her, Iran continues to reject this agreement claiming that these kind of agreements are invalid as these are not signed by the all littoral states.⁶⁷ In order to keep her relations with Iran on friendly bases, Russia makes another proposal regarding the division of the Caspian Sea. According to this new proposal, there will be only two sections: North and South.⁶⁸ While the north, which is about 49% of the basin, will be divided among Russia and Kazakhstan, the south, which is about 51% of the basin, would be divided equally, 17%, among Azerbaijan, Iran and Turkmenistan. Naturally, none of these states shows any interest in Russia’s plan.

Finally, Russia has two agreements with the two major oil producers among the littoral states against Iran. Moreover, Moscow carries out military exercises with 60 ships and 10.000 troops along with the Russian Defence Minister Sergei Ivanov out on the Caspian Sea while Putin visits Baku in August 2002, and naturally, Iran is very irritated by the developments and the Iranian news agency IRNA cited an Iranian Foreign Ministry statement saying: “Iran believes that there is no threat in the Caspian Sea to justify the war games and military presence, and such measures will harm the confidence-building efforts of the littoral states in the region.”⁶⁹

⁶⁷ Michael Lelyveld. “Iran: Tehran Reacts With Mild Criticism To Russian-Azerbaijani Caspian Pact,” *Radio Free Europe/Radio Liberty*, 25 September 2002, <http://www.rferl.org/features/2002/09/25092002162042.asp> (Accessed on 16 March 2008).

⁶⁸ Gawdat Bahgat. “Splitting Water: The Geopolitics of Water Resources in the Caspian Sea,” *SAIS Review*, Vol. 22, No. 2, Summer–Fall 2002, 280.

⁶⁹ Robert O. Freedman . “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (accessed on 12 March 2008).

Considering the Iranian reaction to Russian military exercises, which are done to the 280th anniversary of Peter the Great's naval campaign in the region's honour in the Caspian Sea, it is highly ironic to see Iran does just the same thing after a few months of the mentioned action. Interestingly, both Kazakhstan and Azerbaijan participate to the exercises, and Putin calls the aim of the exercises as "war against terrorism".⁷⁰ After seeing Iran's act of protest, a Russian journalist Alexander Reutov writes in *Kommersant* that "If Iran tries to prevent Caspian oil from reaching the world market (via Baku – Ceyhan) Iran could very well find itself the next country, after Afghanistan and Iraq, to be run over."⁷¹ This was quite interesting for Russia's part since Baku – Ceyhan pipeline had no benefit to Russia, infect, the line is a clear rival for Russian lines.

Although Iran criticises Russia for military show in the Caspian Sea, on July 23, 2001, Iranian gunboats with fighter escorts, harasses a British Petroleum research ship, which has a licence to explore the region called Alborz by Iran, in order to make it suspend all its activities in Alborz, which is located within the national section of Azerbaijan under the names of Araz, Alov, and Sharg according to the Russian – Azeri agreement, which divides the Caspian into national sectors. However, for Iran, this agreement is null and void since it is only bilateral and not signed by all the littoral states. Fortunate for Russia, Iran does not do further action towards Azerbaijan thanks to Turkish aircraft coming to help Azerbaijan. Aggression is the last thing Russia will want in the region since this will have leave her in a dilemma between two littoral states, which will be quite beneficial for Russia in the region.

Interestingly in the Caspian case, the policies and behaviours have a tendency to change as the time went by. When the Caspian Sea was purely divided by two, there

⁷⁰ Robert O. Freedman . "Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq," *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (accessed on 12 March 2008).

⁷¹ Reutov cited in Robert O. Freedman . "Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq," *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (accessed on 12 March 2008). The date of the newspaper, which was indicated above, was September 24, 2002.

was no common usage understanding between two littoral states. However, as the Soviet Union dissolved, increased number of littoral states push both Russia and Iran to reconsider their policies, which have been the same for decades. The important part between Russia and Iran is that since 1949, the Soviet Union until the dissolution, engaged in hydrocarbon drilling operations in the Caspian Sea and Iran stayed silent. The reason why Iran did not responded to a unilateral act of the Soviet Union was the simple fact that Iran was a politically weaker state, which did not wanted to involve in a conflict with her neighbour that would push Iran an unwanted war back then. As a result, Iran's passiveness stays as a heritage in the eyes of today's Russia. As Iran has stayed silent for more than forty years against her former neighbour, this behaviour may have resulted in a continuing silence for the same actions by the successor states including Russia. Once again, Iran needs Russia and this dependence makes her accept Russia's decisions in one way or another in the end.

3.4 Russian – Iranian Conflict and Cooperation over the Caspian Energy Resources

Many scholars refer to competition over the resources of the Caspian Sea as the “New Great Game.” Originally, the Great Game is the competition between Russian Empire and Britain over the rich resources of the Caucasus, the Central Asia and Persia, which lasted for decades until 1907. It ended in 1907 with Anglo – Russian Entente, which is also known as “Anglo – Russian Convention of 1907”, that enables various gains for both parties. Despite the Central Asian focus, the Great Game's –Naturally Entente's- main objectives shifts to Afghanistan, Persia and Tibet later on. According to the Entente, Persia is agreed to be parted into three zones: south for the Britain, north for the Russian Empire and middle narrow section as a buffer zone.⁷² This becomes another push for hostility-based relations

⁷² “Anglo-Russian Entente, 1907,” *Primary Documents*, 4 November 2001, <http://www.firstworldwar.com/source/anglorussianentente1907.htm> (Accessed on 10 September 2008).

between Russian Empire and Persia.⁷³ After the Bolshevik Revolution in 1917, struggle over the region mostly were halted. Finally, the Great Game goes into a “sleeping stage”, at least until the Soviet Union dissolves, which enables a huge area full of newly independent states that stands there trying to learn how to be “free” and creates a new environment to interact for Russia and Iran after decades.

Even after the times following the dissolution of the Soviet Union, Russia was the main actor in the Caucasasia and the Central Asia, especially on hydrocarbons. However, after it becomes clear that the region, especially the Caspian Sea, has enormous reserves of hydrocarbons, different actors, once again, declare their interests in the region like the U.S., Iran, Turkey and other regional actors. According to Matthew Edwards, the New Great Game was “a term used to describe the conceptualization of modern geopolitics in Central Eurasia as a competition between regional and great powers for ‘influence, power, hegemony and profits in Central Asia and the Transcaucasus.’”⁷⁴ Basically, the so-called “New Great Game” theory refers to the competition re-emerged between Russia and other parties after long decades of halting. Unlike the original Great Game, the new focus of this struggle becomes the Caucasus and the Central Asia, and the actors involved are slightly different than the competition between Russia and Great Britain in 19th century. Once the pawns of super powers now become active actors in this new struggle, which prevents this competition to turn into a “game.” Moreover, there are also non-state actors like private oil companies and criminal groups, which have a high influencing power over the region.

With the competition over the Caspian Sea resources, newly independent states and existing ones become aware of the changed international relations pattern. Bipolar system of Cold War era shifts to a multipolar political arena. This change of system

⁷³ The Entente was composed of five articles. The most important parts were on Afghanistan and Persia. The Entente did not include any word as “influence” in order to avoid possible clashes between signatory parties. The main problem with the Entente was that it did not included Persia or Afghanistan as signatory parties. As a result, Persia could only learn about it later and responded harshly.

⁷⁴ Matthew Edwards “The New Great Game and the New Great Gamers: Disciples of Kipling and Mackinder,” *Central Asian Survey*, No. 22, March 2003, 85.

brings new questions and problems, like creation of a security policy for these new states. Transregional security arrangements are needed in order to create stability and cooperation possibilities. All the new actors and the existing ones, especially Iran, Russia, Pakistan, India and China have their own reasons to promote stability within Central Asia and the Caucasus while expanding their own regional influence and economic ties. The problems like the painful process of nation-building, rapid social and economic transformation, decolonization and trying to make beneficial political choices, ethnic diversity, border disputes, and a catalogue of other issues of these newly independent states still continues and opens a way for the instability in these states and these issues are direct and indirect threats to economic and political benefits of Russia and Iran.

After the collapse of the Soviet Union, American interest in the region increases dramatically. The main reason for this shift of policies is the emerging independent states both in the Caucasus and Central Asia. The U.S. wants to balance and to decrease the influence of Russia in the region by getting involved in the regional politics like supporting and aiding certain states like Azerbaijan and Uzbekistan, which are key states in the region.⁷⁵ As a result of new American policies, all China, Russia and Iran show their concerns about American efforts. Although Putin seems like he wants to cooperate with West, he is not the kind of person to let the region slip away from the Russian influence. It is also not surprising to see Putin shifting Russian policy over the Caspian Sea, in order to get on well with Azerbaijan most probably. In order to continue her limited influence in the region, Iran also develops better economic ties and also works as a negotiator in the region, especially cooperating with Armenia. Like Russia and Iran, China also involves in agreements with the Central Asian states like Kazakhstan and Turkmenistan on oil exports to keep her interest vis-à-vis the U.S. None of these states want to leave the stage to the U.S. All these states see the struggle as a zero-sum game, and want to have the most effective share for themselves.

⁷⁵ Lena Jonson. "The New Geopolitical Situation in the Caspian Region" in Chufirin, Gennady. *The Security of the Caspian Sea Region*. (London: A SIPRI Publication, 2002) 18.

Relations between East and West have never been better than “cold” and return of a new competition like in the 19th century could have been much worse. All the parties in this so-called “new game” want stability in the region; however, ironically, what they cause with all their rivalry and involvement is instability, which can harm all parties, including regional states. As a result, these involved parties should learn to cooperate and decrease the amount of rivalry if they want to gain from this so-called game. The United States, Western states, Russia and Iran’s security and interests may benefit from cooperation instead of rivalry in the region like intervening by joining forces if a real disaster happens to strike.⁷⁶ In times of peace and stability, all parties once again can compete on some issues as expected and this will also give opportunity to the Central Asian leaders choosing a party, which will be best for them at that moment. This, of course, may be a naïve and far too optimistic, idealist way, which none of these parties will follow with closed eyes.

Energy security is one of the areas where cooperation is needed. With each industrialised state’s hunger for oil and gas with safer and relatively cheaper way, the U.S. and Western states also want to find the best alternative for their supply of hydrocarbons. Kazakhstan, Uzbekistan and Turkmenistan’s large amount of oil and natural gas resources are very tempting even before September 11. Being a landlocked area, transportation of these resources is problematic as Russia controls nearly all the existing pipeline system and non-Russian routes are either politically, economically or in security terms risky since these alternative routes includes Iran and Afghanistan. For the U.S. and Western states, the best alternative way to transfer hydrocarbons is through Turkey. This way, they can both avoid Russia and Iran by using the Caspian Sea as a tunnel. In order to achieve these new transportation routes, the U.S. pushed Turkey, Georgia, Azerbaijan and Turkmenistan to sign various agreements on Trans-Caspian Pipeline project in 1999 Istanbul OSCE meeting. This new pipeline will serve American interests in two ways: decreasing the political influence of Russia on these newly independent states

⁷⁶ Thomas De Waal and Anna Matveeva. “Central Asia and the Caucasus: A Vulnerable Crescent,” in *Coping with Crisis: Working Paper Series*. (New York: International Peace Academy, 2007) 14.

and isolating Iran even further in the region. Despite America's desire, Russia and Iran's oppositions as well as the ongoing dispute over the legal situation of the Caspian Sea prevents parties to accept this project. In 2000, eight sponsor companies group, Georgia, Azerbaijan and Turkey signed the agreement to build the BTC pipeline system, naturally leaving Iran out and including Russia later on as Russia sided with Azerbaijan on the Caspian Sea dispute against Iran. Despite some of the specialists' warnings about its high cost, parties agreed to build the pipeline route and this agreement brings many frowns from Russia and Iran.

The reason why the U.S. with her Western allies promotes new pipeline routes, like BTC, that will not cross over Russia or Iran is political rather than economic. They want to avoid Russia, because Russia already has an important share and control over the supply for oil and gas and the transfer routes. It can be too dangerous to put Russia as a monopoly with their hands. They also want to avoid Iran so the continuation of embargos and restrictions for economic activities including energy sector of Iran can be achieved. This way, the U.S. can benefit from the political and economic gains and success. In order to achieve this objective, 3,000 kilometre Nabucco pipeline, which will be built from the Caspian to Vienna, passing through Turkey, is proposed and accepted by all Western states, Russia and other related states like Turkey and the U.S.⁷⁷ Although it is an unbelievably expensive pipeline of \$7 Billion, which is expected to be opened around 2010; it can be a good opportunity to provide natural gas to Europe, free of ultimate Russian authority. The U.S. also always shows that they will prefer Russia over Iran if they have to choose one. Moreover, with Nabucco working functional without a problem, the

⁷⁷ Adding Kazakh and Turkmen oil and gas to Nabucco is a dream for the U.S. Kazakhstan has also been searching for alternative routes of Russia and transferring oil and gas to Europe under the Caspian with Azeri oil and gas is acceptable for them. Despite the U.S.' wish, right now Turkmen send their oil and gas through Iran to the south with oil and gas swap agreements through Korpeje – Kurt Kuy pipeline. In fact, Korpeje – Kurt Kuy pipeline is the only pipeline that does not pass through Russia. As a result, hydrocarbon transfer over Iran has been also politically important for Turkmenistan. However, Gurbanguly Berdymukhammedov, the successor of Saparmurat Niyazov, already expresses his desire to find new alternatives to Iran on hydrocarbon trade⁷⁷ in order to be on the good side of the U.S. See Michael Kuser. "U.S. Flip-Flops on Caspian Gas," *Business Week Online*. 26 September 2007, http://www.businessweek.com/globalbiz/content/sep2007/gb20070925_280972.htm (Accessed on 05 November 2008).

U.S. can prevent and cut Iran's ability to sell both her natural gas and oil to Europe, thus achieving more limitations and restrictions for Iran's economic gains. This of course is in line with Russian interests as she can be the choice over Iran. This pipeline is another way of eliminating Iran from regional hydrocarbon transportation.

Despite extra-regional parties' aims of eliminating both Russia and Iran, both states do not engage in a powerful cooperation against regional oil and gas resources' transportation. In fact, Russia simply does not care about Iran's place in the region and continue to follow her own interests and engage in negotiations with other parties. This brings many opportunities for Russia in the region while Iran stays alienated with no powerful support. However, as I will state in the following chapters, Russia and Iran also engage in cooperation on oil and natural gas transportation within the region like Turkmenistan – India (TIPI) pipeline as these parties plan to include Russia and Azerbaijan into this pipeline in the following years. This pipeline can bring important opportunities for Russia in term of reaching Far East and Indian markets.

Desire to find new alternatives are more of an act of independence instead of political reasons. China becomes one of the alternatives for Turkmenistan to avoid Russia, though it has limits for transportation. Moreover, it does not seem like that the U.S. can completely eliminate Iran and Russia from Turkmenistan's oil and gas trade. Turkmenistan already signed a memorandum with Turkey and Iran to transfer gas to Turkey on July 2007. Contrary to Russia's taste, Turkmenistan does not only have Russia as a transit route, but also Iran, China and the Caspian as well as Afghanistan in the future as well. This also increases the rivalry aspect on Russian – Iranian relations.

On the Caspian Sea, Iran also takes part in the rivalry and her hostility towards Azerbaijan and the ongoing debates about the legal status of the Caspian Sea pushes Iran to help landlocked Armenia on energy and goods, which is embargoed by both Turkey and Azerbaijan and supported by Russia over Azerbaijan. Iran's involvement in this new competition is based on two important issues: America's attitude and relations with Iran and Iran's own foreign policy in regards to Islam. In

these cases, the U.S. is less likely to better the relations with Iran in the near future. As a result, Iran will continue her attempts at finding new allies in the region like Turkmenistan and Uzbekistan. When it comes to religion's impacts of her foreign policy, Iran has already showed that economic gains bested ideological objectives. Economic gains having priority, Iran can cooperate with any state in order to gain benefits on economic issues. It will also not be a surprise if Iran increases her cooperation with Russia, especially Putin's suggestion of creating a world natural gas cartel including Iran and Qatar. This way, Iran can achieve her interests with Russian help, while Russia can benefit from using Iran politically and economically against other rivals.

Iran's position in this so-called new "game" is shaped around economic gains covered with political candies of proxy allies such as Russia. With access to Central Asian markets and the Caucasus hydrocarbon challenge, Iran can reconstruct her damaged economy and develop better war crafts and nuclear power. Moreover, Iran's desire to eliminate other Muslim rivals like Turkey and Saudi Arabia can give her the opportunity of increasing her influence in the region vis-à-vis other players while becoming one of the key actors in hydrocarbon politics in international arena. While Iran tries to increase her position among players, Russia has already become one of the key players in this new environment by creating Commonwealth of Independent States (CIS). Russia's aim is not to become an important player; her aim is to be the most important player for CIS. When the Soviet Union first dissolved and newly independent states were looking for routes for their oil and natural gas, Russia was there, ready and waiting. Although Iran also has important pipeline system, it is not as wide as the Russian one. Moreover, the political isolation, fear of regime exportation and embargo of the U.S. prevents Iran to be the best alternative from the beginning. When it comes to Pakistan, India, China and Turkey on these pipeline system alternatives, there are simply none for immediate usage. This made Russia the most important player and winner of the competition even when she is weak and suffering.

3.5 Conclusion

Russia and Iran are two of the players of the competition on the Caspian and Central Asia region. The involvement of the U.S., China, Western Europe and Turkey, trying to enable new route for natural gas and oil trade, bring Russia and Iran face to face as rivals in this competition. Especially on Turkey, Russia feels literally threatened indirectly by Turkey's show of getting natural gas from Iran despite the U.S. scold. Interestingly, with the new interest in the Caspian Sea, it is not a secret that proved reserves are much lower than what is estimated back when the U.S. tried to attract private companies to the basin. Considering cost beneficial ways of hydrocarbon transportations, Iran has been a better route than an East – West energy corridor since she already has an established pipeline system and using Persian Gulf can be much cheaper not only for the Caspian Sea oil and natural gas, but also for the Central Asian hydrocarbons and Russia can also use existing pipelines to access Europe. This situation shifts the aims and reasons to a more political one instead of economic and leaves a more complex environment to cope with. It should also be noted that Russia and Iran's cooperation possibilities are based on the bilateral relations between Russia and the U.S. as Russia's main use of Iran on hydrocarbons are political acts against other involved parties.

As the extra-regional actors tries to increase their influence in the region by introducing and promoting new pipeline routes outside of Russia or Iran, -usually showing these as an irresistible option for former Soviet republics to be less dependent on Russia- the balance of political power in the region shifts back and forth. While these extra-regional actors struggle over new routes, Russia on the other hand, is more than ambitious to maintain her strategic interests and to have influence in both the Caspian region and Central Asia. As a result, Russia wants the pipelines to pass through her territory. Like Russia, Iran is also interested in the pipeline routes to pass through her own territory. The centre of the entire geopolitical rivalry between extra-regional powers and Russia and Iran is the flow of oil and natural gas from the region uninterruptedly to the highly demanding Western energy markets by restricting Russia and Iran from controlling the hydrocarbon exploration, development and pipeline routes. Whichever wins this political and economic struggle over the ongoing pipeline routes issue would most

probably have the opportunity to secure major strategic advantages, while the losers will be “marginalised” in the coming years.⁷⁸

To sum up, Iran has been important to pay attention for Russia as Iran is the only state in the Middle East, neighbour to Central Asia, which is steadily building up her economy, scientific, technological and military capability. If Iran continues to develop like this and stay away from isolating herself, she can rise among the most influential states with her highly literate population, more than 11% of the world's crude oil and 18% of natural gas reserves, with more than 500.000 soldiered armed forces and with a strategic geographic position making control of the sea and land routes between Europe and Asia easier. Despite Iran's political enthusiasm, it will not be a surprise when Iran starts to act like a mediator and negotiator for conflicting states in Middle East, the Caucasus and Central Asia. Because of all these reasons, Russia should cooperate with Iran on bilateral and multilateral bases in the short and middle run at the very least. Having Iran as a cooperative state can work in line with Russian interests both economically and politically.

For Iran, cooperating with Russia, which is the key actor in the Central Asia and the Caucasus for centuries and becomes the starting point for Iran to stop her isolationism policy and embargo imposed by the U.S., occupies a permanent seat in the UNSC, holds important amounts of crude oil and natural gas and has the high-level technology and means to help Iran on scientific and technological development both in terms of experts and elements, will be quite beneficial. In fact, Iran needs Russia in the region for decades until she has a certain level of military power and economic ties within the region. However, occupying such an important position in the region is against the interests of certain states like Russia and the U.S., as a result, Iran should go step by step without scaring her partners and rivals while developing and having good relations with Russia is the key element of Iran's future developments. Despite being rivals and even enemies for centuries starting from the Tsarist Russia and Persia times, Iran and Russia should cooperate if they

⁷⁸ Shah Alam. “Pipeline Politics in the Caspian Sea Basin,” *Strategic Analysis: A Monthly Journal of the IDSA*, Vol. 26, No. 1, January - March 2002, 5.

want to achieve their objectives against other actors in the region and help to establish stabilization the region. Still, we should remember that this cooperation relies on Russian interests and her will as she is the stronger party in this bilateral cooperation and rivalry situation.

CHAPTER 4

THE SECURITY DIMENSION

4.1 Introduction

When Vladimir Putin came to power in December 31, 1999, he immediately stated that his main mission was to carry Russian Federation to a place among great powers in international arena on economic and military terms. In order to achieve that, he carried out modernization and innovation both in domestic and international politics and economics. Putin repeatedly said that his goal was to see that “in the foreseeable future, Russia will firmly take its place among the truly strong, economically advanced and influential states of the world.”⁷⁹ In order to carry out his plans for Russia, Putin clearly carried out a foreign policy in accordance with economic potential gains like arms sale agreements and nuclear plant help agreements with Iran. Clearly pragmatic, Russia even stood still against the United States and the United Nations under Putin’s rule. Arms sales has been quite important for Russian – Iranian relations and Putin’s strong leadership helped both states to act according to Russian interest at one point both for bilateral relations and with regional relations especially with the Central Asian republics.

Dissolution of the Soviet Union created a security complex for Central Asia.⁸⁰ This security complex was a Russian oriented one at the very beginning of the 1990s. It then became a Turkish oriented security complex as the Central Asian states wanted to establish good relations with Turkey while Turkey approached them under a

⁷⁹ William C. Wolhforth. “Russia: Russia’s Soft Balancing Act” in Friedberg, Aron and Ellings, Richard J, *Strategic Asia 2003-04: Fragility and Crisis* (Seattle: NBR,2003) 167.

⁸⁰ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 4.

Turkic nation umbrella. And later, the security complex became an Iranian oriented one because of different reasons, which will be explained further. Right now, Central Asian republics follow a multipolar foreign policy in order to not be dependent on only one state and to benefit from their sovereignties endlessly. This policy created its own complexities on Russian – Iranian relations, which will also be explained further.

Barry Buzan's "security complex" concept includes five sectors: military, economic, political, societal and environmental.⁸¹ According to Buzan, military, political and societal dimensions are the most important parts of security complexes while economic and environmental dimensions' importance can vary in each complex as the former dimensions are "the most relevant elements to the patterns of threat/fear and amity/enmity that define security complexes".⁸² This theory is hand in hand with Realist school of international relations theories. Like Realism, Buzan also gives priority to military. However, unlike Neorealism, Buzan gives economic factors only second place.

As it is stated in the previous chapters, Iranian-Russian relations are very critical as they are on a balance on economic and political interests. Despite Iran's will on having an important role in Central Asia both politically and economically, she still could not pursue this desire as this would threaten Russian interests in the region. As long as Russia helped constructing a nuclear power plant on the shore of the Caspian Sea and in Bushehr, Iran was not likely to do anything in Central Asia that might irritate Russia since Russia was one of the few choices that Iran could have on high technology like nuclear plants.

The Russian perspective on the bilateral relations of two countries was not much different than Iranian one. Despite being a major producer and exporter of hydrocarbons, Russian economy also depended on arms sales. Iran was one of the

⁸¹ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 15.

⁸² Buzan in Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 15.

main destinations for Russia to sell her armaments and technology, especially on nuclear researches.⁸³ These sales helped Russia to gain hard currency, which helped restoring the ongoing economic developments. As a result, Iran became one of the most important states in the Middle East, which could create a lot of problems if the same situation of Iraq happened to Iran on seeking Weapons of Mass Destruction (WMD). Despite the 1995 Gore-Chernomyrdin Commission, Russia continued its deal on Bushehr, which was valued at \$800 million at that time.⁸⁴ Hundreds of Iranian students, technicians and engineers have been tutored in Russia thanks to the cooperation between two states. Putin period only fastened and increased the amount of nuclear trade between two states.

4.2 The Role of Security in Russia's Foreign Policy towards Iran

When Putin succeeded Yeltsin, Russia and Iran were already in cooperation on many subjects and context. They were cooperating on bilateral, regional and global levels. They were working together on maintaining the unstable cease fire in Tajikistan, aiding the Northern Alliance battling against the Taliban forces in Afghanistan, and supporting Armenia against Azerbaijan. On global level in general, both states stated their discomfort against the United States' efforts to establish a unipolar world, ruling all alone the international system.⁸⁵ Both countries common point for the U.S. was to discharge her from the Persian Gulf.

Iranian – Russian relations are based on military, political and economic dimensions of security complex. It is common knowledge that Iran buys most of her military equipments from Russia when she is not able to produce her own due to technical illiteracy or unavailability – thanks to the U.S. embargo. Military dimension is an important dimension on security complex orientation of Central

⁸³ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 116.

⁸⁴ Shahram Chubin. *Iran's Nuclear Ambitions*. (Washington: Carnegie Endowment, 2006) 109.

⁸⁵ Robert O. Freedman. "Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq," *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

Asia. When the first Russian oriented security complex emerged, apart from the economic side, military protection of Russia, both for external and internal threats, was very important. The reason why Turkey could not stay as the main actor in the Central Asia is that Turkey was not capable of helping the Central Asian states with their security problems. This is why Iran replaced Turkey later. Iran's influence in Central Asia's security complex was not actually very simple like in Turkish or Russian cases. Iran was able to provide light arms and simple technology to the Central Asian states, but when it came to high-technological weapons and military equipments, Iran was not capable of helping The Central Asian states as Iran had been buying these weapons from Russia.⁸⁶ This created a dead-end for Iranian centric security complex.⁸⁷

All Russia, Iran and Turkey have been competing with each other for Central Asia since the dissolution of the Soviet Union. This competition is still not over and it forces actors into a more complex but also clear situation each day. For example, once, domination of Central Asia was simple and with military forces, but later on, politics, economic gains and ethnic factors also become included. Moreover, international actors refuse to leave the struggle to regional level and continue to intervene until they get what they want. As in the case of Iran, dominating Central Asia sounds good in theory, but in practice, this so-called domination and elimination of Russia will create a lot of problems with Russia, perhaps more than the gains of a possible elimination as Russian interests will be harmed seriously with her elimination and may even create warlike relations between Iran and Russia.⁸⁸

⁸⁶ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 83.

⁸⁷ When political dimension of Iranian – Russian relations is the subject, international actors become the main focus for policy strategies. Both Russia and Iran are struggling against an American dominated international arena, especially in the region they both share. It is certainly not in their interests that the U.S. involves in their relations with both Central Asia and the Caucasus by shifting the balance of the preferences of these countries towards a more American oriented one. Although these regional states prefer a multipolar approach in foreign policies, it will not be impossible to unite against Russia and Iran, especially in the Caucasus where the two countries unite against other littoral states on the legal situation of the Caspian Sea, both for different reasons but with solidarity.

⁸⁸ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 81.

In 1990, Turkmenistan signed more than nine bilateral agreements with Iran, and somehow managed to distance them from Russian intervention, which alarmed the Russian public opinion.⁸⁹ In Tajik civil war of 1990s, which happened as a result of the clash between Soviet elites with Russian sympathy and Islamic opposition, “[t]he clandestine Iranian backing collided in the civil war with the more or less open sympathy of the Russian troops remaining in Tajikistan, and with Uzbekistan’s help to the forces fighting against the Islamists”, as Belokrenitsky says.⁹⁰ In general picture, this clash was dangerous, and in order to clarify Russian superiority over Central Asia, Rafsanjani, the President of Iran Islamic Republic, said in 1993 that Russian – Central Asian relations on a friendly base were vital for the security of the entire world and for the state of peace in the region.⁹¹ Rafsanjani’s behaviour and acceptance is mostly because of a struggle to keep an ally by Iran’s side against the world, which are either sided with the U.S. or neutral. Moreover, annoying Russia will result in a cut in arms sales and nuclear cooperation, which Iran will not have access from another partner, even from China. These strategic reasons of 1990s still continue to exist in 2000 and Putin era marked these as permanent sources of foreign policy of Iran.

As a result of the reasons explained previously, the Central Asian states shift to a new phase of foreign policy: a multi-sided one.⁹² The Central Asians realize the

⁸⁹ Vyacheslav Ya. Belokrenitsky. “Russia and Former Soviet Central Asia: The Attitude Towards Regional Integrity” in Atabaki, Touraj and O’Kane John (eds). *Post Soviet Central Asia* (London: Tauris Academic Studies, 1998) 49.

⁹⁰ Vyacheslav Ya. Belokrenitsky. “Russia and Former Soviet Central Asia: The Attitude Towards Regional Integrity” in Atabaki, Touraj and O’Kane John (eds). *Post Soviet Central Asia* (London: Tauris Academic Studies, 1998) 54.

⁹¹ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 115.

⁹² The reasons why the Central Asians shift to a multi-sided foreign policy have more than one reason. First, they are suspicious of Russia’s motives for approaching them. They do not trust Russia as they fear of a new imperialist move from Russia is not impossible. They have already experienced centuries under the rule of both Tsarist Russia and the Soviet Union. Second, although Turkey’s brother-like approach seems quite attractive, they soon understand that Turkey does not have enough resources, technology, economic power or political influence to help the Central Asian states develop themselves. Moreover, Turkey’s too much emphasis on being the older brother scares the Central Asians as they only recently got rid of a “big brother” and did not want a new one anytime soon. Flaws in a possible Russian or Turkish oriented policy results in a shift in Central Asia’s policies and tendencies towards Iran. Iran is a large country and has more resources compared to Turkey. Even

need for a balanced foreign policy and try to maximize their development rates. This balanced policy also shapes the Iranian – Russian relations. Both countries want a stabilized region. Although economic gains determine the most part, Iran also fears of a possible Russian threat if she acts not according to Russian interests.⁹³ The reason why Iran will prevent a possible regime export is also because of Iran's relations with Russia. Russia is strictly opposed to a possible radical Islamist Central Asia. That is also why Russia pushes Iran to not intervene in the internal affairs of the Central Asian states like Tajikistan, which is ethnically and culturally Persian-related and has the most potential for a radical Islamist movement.

As Iran and Russia made a compromise on a stable Central Asia, they shifted from cooperation with regional states from being police of the region as these states asked their support for both politically and militarily success of their governments of the Central Asian states during the early 2000s. Both Russia and Iran also support cooperation among the Central Asian states and apart from the economic reasons, both Russia and Iran use Central Asia as a buffer zone for a possible Afghan or Chinese aggression.⁹⁴ So interestingly, rivalry between these two states creates a stabilized, cooperative environment instead of chaos.

While Russia finds Central Asia important for being a buffer zone and a defensive fort, as well as Russian minorities in the Central Asian states are not small and need attention, Iran finds Central Asia important because with the independence of these

though the Central Asian states are quite sceptical about Iran's possible regime export or support for opposition in these states, it is soon realized that Iran does not have a reason for regime export (both because of sect differences and possible economical achievements) and wants to stabilize the region like Russia. Still, the Central Asians do not cross a possible support of Iran for an Islamic radicalism wave. Iran is a good opportunity for Central Asia but her capabilities are limited and Central Asia needs more. With the embargo imposed by the U.S., Iran is not the best alternative for the Central Asian states, which have been trying to survive after the dissolution of the Soviet Union. Having Iran-oriented policies will only result in dislike of the U.S. for them. Moreover, their need for arms and other technology to establish stability in these countries may be on a critical balance if they only focus on a single country.

⁹³ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 81.

⁹⁴ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 66.

states, Iran may be able to get involved with security complex which is not unstable or Arab dominated like Middle East.⁹⁵ Moreover, Central Asia creates an opportunity for Iran to expand economic, political and cultural revenues and ties. Therefore, Iran always supports the Central Asian states' stability option. Because of the importance of Central Asia on economic terms, Russia has also been supporting regional economic cooperation in the region. Iran's policy in the late 1990s towards the region was totally economic-oriented. In order to achieve economic gains, Iran declared her pro-Russian policy and proposed three economic projects: "an ECO-oriented policy, an independent policy for economic cooperation and, finally, an economic plan that takes particular account of Russian interests in the region".⁹⁶ This policy has been still the same except oil and gas pipelines of the Central Asian states, which Iran tries to turn these to her benefit. As it is a common knowledge, economic stability is one of the key elements of a stable country. As a result, Russia's support for this kind of economic cooperation is a necessity in cases where Russia can not afford help.

As I explained before, Central Asia's stability determines an important aspect of Iranian – Russian relations. As Russia finds stability of Central Asia very important, a negative policy for stability of the region may recreate the centuries-long hostility between Iran and Russia. As Russia has been the main threat for at least 200 years to Iran, getting along with Russia is very important as most of her military equipment and technology originate from there.⁹⁷ Besides, behaving according to Russian interest enables Russian support for Iran against the U.S. with Russia having a permanent seat in the Security Council of the United Nations. It is also not logical to try to eliminate Russia from Central Asia as this can create an aggression between two countries. Although Russia is not a neighbour of Iran anymore, a stabile Central Asia and the Caucasus will create a fort for Iran if Russia changes

⁹⁵ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 80.

⁹⁶ Tchangiz Pahlevan. "Iran and Central Asia" in Atabaki, Touraj and O'Kane John (eds). *Post Soviet Central Asia* (London: Tauris Academic Studies, 1998) 74.

⁹⁷ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 81.

her non-aggressive policy while having a lot of troops on Central Asia, near Iranian border.

Apart from Central Asia, the Caucasus is also an important region for Russian – Iranian relations. Strategically, Transcaucasia has always been a buffer zone between Turkey, Iran and Russia, while the European Union sees the area as a bridge between Europe and Asia.⁹⁸ Especially after the dissolution, the Caucasus becomes a political struggle arena for Russia and Iran. In the case of Iran, the region becomes an important political tool against the U.S. and Turkish issue both in Azerbaijan and in Iran. As Asatryan says,

“Iran’s antagonism with the West, particularly with the U.S., its traditional regional competition with Turkey and the latter’s activity in the South Caucasus – Central Asia geopolitical space, the renewed territorial claims by newly-independent Azerbaijan with regard to the north-western provinces of Iran, as well as the need to overcome international isolation all push Iran into rapprochement with Russia and into a recognition of Armenia as a crucial barrier to the expansionist fantasies of Turkey, as well as to a clear danger emanating from Azerbaijan that is seen to be threatening Iran’s territorial integrity. In the meantime, while the anti-Iranian political tendencies of Turkey may oftentimes be precarious within the framework of a remote strategy and are thus easily neutralized, for example, by using the Kurdish factor or other regional instruments, the Azerbaijan Republic, through its mere existence, is a permanent hazard for Iran.”⁹⁹

Although Turkey hardly has so-called expansionist policies, it is true that Iran is an important factor in the region especially after Turkic states of the Central Asia leave their pro-Turkish unipolar policies. Iran’s position next to Russia gives a lot of power against Turkish politics in the Caucasus. Iran, in a way, protects her territorial integrity against Azerbaijan claims (especially during Elcibey era). As

⁹⁸ Garnik Asatryan. “Armenia and Security Issues in the South Caucasus,” *Colombia International Affairs Online*, April 2003, http://www.ciaonet.org/olj/co/co_sept02d.pdf, 22 (Accessed on 15 March 2008).

⁹⁹ Garnik Asatryan. “Armenia and Security Issues in the South Caucasus,” *Colombia International Affairs Online*, April 2003, http://www.ciaonet.org/olj/co/co_sept02d.pdf, 23 (Accessed on 15 March 2008).

Aydin says, “The existence of about 20 million Azeris in Iran, out of a population of roughly 60 million, makes Iran edgy and raises fears that Iranian Azerbaijan might get restless after the independence of the Soviet Azerbaijan.”¹⁰⁰ Even today, Iran faces problems regarding Azerbaijan section in Iran as there were claims and support for this section’s accession to Azerbaijan or at least independence for the section from Iran. As a result, it was not surprising to see Iran’s fear of a Turkish recognition of pan-Turkism in the region, which would eventually result in a claim from Azerbaijan for a “greater Azerbaijan.”¹⁰¹ The fear of a “greater Azerbaijan” works also as a catalyser for the improvement of relationship between Russia and Iran. As a result of this, Iran also keeps an eye on Russian – Azerbaijani relations in order to make sure she can keep separatist threats away from Russian support. Iran’s need for support and protection in the international arena for various issues and situations make her move closer to Russia and act according to Russia’s interests mostly. Russia naturally welcomes this situation.

Apart from the bilateral attempts on securing the stability in the region by ironically continuing arms sales, regional organizations also carry their importance on stability through economic cooperation organizations like Shanghai Cooperation Organisation (SCO). Intergovernmental organization SCO was originally founded in 1996 by Russia, China, Kazakhstan, Kyrgyzstan and Tajikistan with the name of Shanghai Five. With Uzbekistan’s membership in 2001, the name of the organization was changed to SCO, as in today. With six members and four observers of Iran, Mongolia, India and Pakistan, SCO became a true Eurasian organization. Despite Iran’s application to become a full member, SCO’s unwillingness to expand member number prevents this to happen. SCO’s main goals include spreading communication and better relations between member states, as well as increasing cooperation on economy and trade, culture and education, energy and most importantly security of the region.

¹⁰⁰ Mustafa Aydin. “Turkish Policy Toward the Caucasus,” *Connections Quarterly Journal*, Vol. 1, No. 2, July 2002, 40.

¹⁰¹ Mustafa Aydin. “Turkish Policy Toward the Caucasus,” *Connections Quarterly Journal*, Vol. 1, No. 2, July 2002, 40.

In 2007, SCO's first joint military exercise occurred in Russia. Despite criticism on SCO's function being nearly none, SCO was handled carefully by members. The meeting following joint military exercise was watched closely by world. Despite Putin's pro-Western foreign policy, SCO is seen as an anti-Western and anti-NATO organization of the Eurasia as Mike Gapes, chairman of the Commons of UK, foreign affairs select committee expressess "It has the potential to develop into a powerful authoritarian bloc opposed to democracy."¹⁰²

Despite the growth of economy in the Central Asian states, the region is strategically very important and critical as surrounded by Russia, China, Iran and India. As a result, Central Asia's problems are crucial to solve by neighbour countries. Unlike West's fears, SCO is not an organization which can replace NATO's power militarily in the region. SCO has too much lack of sincerity and cooperation among member states to counter NATO militarily. However, SCO has been effective solving disputes of regional problems.

What makes Iran's possible membership to SCO important is the fact that if Iran becomes a member of SCO, she can cooperate more effectively with Russia and China, two important states in international arena. Already cooperating with both states, Russian – Iranian relations can be stronger and deeply rooted by an effective regional organization, backed by China. However, with China's unwillingness to accept new members to SCO, this cooperation will continue to stay limited with Iran as an observer and having limited power in the region. Apart from the possible political gains from a full membership of Iran to SCO for both Russia and Iran, economic gains from a possible hydrocarbon cartel in the region will be very challenging for the West and regional states. If a gas cartel, led by Iran and Russia is materialized, development of the Central Asian states may be prevented as these states will face difficulty in selling natural gas on open market as most of their pipelines are passing through one or another and this would force these states to

¹⁰² Sam Alexandroni. "NATO's Rival in the East" *Newstatesman Magazine Online*, 16 August 2007, <http://www.newstatesman.com/society/2007/08/central-asia-russia-sco-china> (Accessed on 15 March 2008).

cooperate with Russia and Iran if they want to continue their economic and industrial development.¹⁰³ Finally, their growth and freedom of choice over pipelines will be either narrowed or stopped.

This way, Russia will be much more powerful in world's oil and natural gas trade, while Iran can have better access to world markets despite the U.S. embargo. Still, to what extent Russia will let Iran be as important as Russia in the region on energy is debatable. Moreover, if Iran is accepted as a full member to SCO, nuclear developments will be much harder to be investigated since both Russia and China hold important nuclear knowledge and technology. With Iran as a member, nuclear proliferation attempts can be wasted.

4.3 Russia's Arms Sales to Iran

"Arms sales" is an area that perhaps shows most how Realism affects interstate relations. When Putin first seated as the President of Russian Federation, he made a major decision: invading Chechnya. After Moscow hosted a series of bombings, which were assumed to be made by Chechens, Putin decided to start a civil war in Chechnya by the Russian army. Chechnya, being a Muslim republic within Russian Federation, was invaded by Russian troops, which resulted in the killing of many Muslim Chechens whom were called terrorists by these troops and Putin. The problem between Iran and Russia started at that point during the Islamic Conference. While Iran declared that she could not stay deaf and blind to the situation of her Muslim brothers and sisters in Chechnya, Russia replied that it was a domestic issue and not related to international concern. Although Iran resisted Russia at first and called for an end to this fight, eventually Iran realised that Russia was essential to Iran's defence and having Russia against could result in a disaster as most of Iran's arms came from the Russian technology. In the end, Iran, which was ruled by the conservative Supreme Leader Ayatollah Khamenei and the popular

¹⁰³ Stephen Blank. "U.S. Interest in Central Asia and Their Challenges," *Demokratizatsiya*, Vol. 13, No. 3, Summer 2007, <http://www.demokratizatsiya.org/Dem%20Archives/DEM%2015-3%20Blank.pdf>, 315 (Accessed on 20 December 2008).

but weak in real power President Khatemi, declared that this Chechen problem was not an “international” issue, but a “domestic” issue of Russia in order to secure her sophisticated arms and the diplomatic support against the U.S.¹⁰⁴ As Freedman says, “Islam, as an ideology, can take a back seat to state interests, much as international communism often took a back seat to the state interests of the U.S.S.R.”¹⁰⁵ Iran’s move can both be seen as a sacrifice of ideological beliefs and a pragmatic move by Iran, which is not even surprising according to the Realism school’s first rule: survival of the state.

While having Russia as an ally or neutral actor is very important for Iran, having Iran close is also important for Russia because of economic gains as Russia benefits from large amounts of hard currency by weapon sales to Iran.¹⁰⁶ In fact, Russia finds Iran as a trading partner, which is capable of paying her debts. This capability creates hard currency for Russia, which tries to make the economic conditions within the country improved. Iran has been buying four Kilo-type submarines, and Russia has her eye in Iranian conventional arms market.¹⁰⁷ In November 2000, Russia declared that she would not be following the understanding, which was first emerged in 1995 between the U.S. Vice-President Al Gore and Russian Prime Minister Victor Chernomyrdin, of not selling Iran any weapons by selling Iran legal MIG-29 airplanes and T-72C tanks.¹⁰⁸ With the Putin’s presidency, Yeltsin policies becomes null as Putin, most probably as a reward for Iran’s neutrality in Chechnya,

¹⁰⁴ Robert O. Freedman. “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

¹⁰⁵ Robert O. Freedman. “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

¹⁰⁶ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 82.

¹⁰⁷ Oded Eran. “Russia in the Middle East: The Yeltsin Era and Beyond,” in Gorodetsky, Gabriel (ed). *Russia between East and West: Russian Foreign Policy on the Threshold of the Twenty-First Century* (London: Frank Cass Publishers, 2003) 160.

¹⁰⁸ Oded Eran. “Russia in the Middle East: The Yeltsin Era and Beyond” in Gorodetsky, Gabriel (ed). *Russia between East and West: Russian Foreign Policy on the Threshold of the Twenty-First Century* (London: Frank Cass Publishers, 2003) 160.

abrogates in November 2000 the Gore – Chernomyrdin agreement, which was signed in June 30, 1995. According to the agreement, Russian arms sales to Iran should have ended in December 31, 1999, when the agreement completed. While Rosoboronoexport, new Russian consolidated arms sales agency, benefits from the Gore – Chernomyrdin agreement, Putin’s decision becomes an invitation for the U.S. sanctions, which bans Russia selling her rockets for satellite launched, cutting the road for the U.S. investments in Russia, creating obstacles for Russian debts in the international arena.¹⁰⁹ What is clear is that, making Russian – Iranian relations better hurt American – Russian relations badly. However, we can also say that Russian – Iranian relations are shaped according to Russia’s interests from her bilateral relations with the Western states. Although Russia’s relations with Iran harm her relations with the U.S., this also gives Russia a bargaining power over her bilateral relations with the U.S.

Russia has been helping Iran with high-technology products and educating Iranians on new technology of weapons. According to the CIA, Russia is helping Iran covertly developing ballistic missiles like Shehab III, which has a range of 1.500 kilometres and the capability to hit America’s Middle Eastern allies like Turkey, Israel, Egypt and Saudi Arabia.¹¹⁰ Since Iran tests Shehab III medium-range missiles, the U.S. has been more cautious about Russian help to Iran. Although Russia claims that she has nothing to do with this test and she has been curbing Iranian attempts of creating dangerous armament, the U.S. is not convinced about Russia’s innocence. In fact, on March 15, 2000, the U.S. President Bill Clinton signed the Iran Non-proliferation Act and this act resulted in putting sanctions to ten Russian companies and their scientists that provide the most high-technology

¹⁰⁹ Robert O. Freedman. “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

¹¹⁰ Robert O. Freedman. “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

and materials to Iran.¹¹¹ This is certainly no use as Russia continues to help Iran on technology development and continues arms sales. Arms sales are certainly too profitable to make Russia stop and during Putin era, Vladimir Putin showed strong determination to ignore American threats in order to safeguard Russia's strategic economic interests as well as showing political independency against the U.S.

Nuclear energy is another factor for Iran to stay close to Russia and it is also important for Russia to have Iran nearby as both she economically gains a lot and also uses Iran against the U.S. for her own desires and benefits. Iran simply can not afford to lose Russia because of her alienation by many Western countries in the world. Iran already has enough security problems and does not need a Russian one, too. As Peimani says,

“Iran has realized that, at least in the short run, it should not even try, directly or indirectly, to seek any confrontation with Russia in Central Asia. For the times being, Iran in practice considers Central Asia as the sphere of influence of Russia. ... Any Iranian success in these regions will be at the expense of Russia, as it will awaken the influence of that country in those regions. Unless either Iran or Russia gives up its plans for the region and accepts the domination of the other as final, competition – perhaps even confrontation – between Iran and Russia will in the long run be inevitable.”¹¹²

While talking about military, it is important to know that Iran's one of most important interest in Central Asia is related to military. The Central Asian states have different types of military equipments Iran finds useful like the aircrafts of the MIG-29 and the IL-76 which Uzbekistan produces.¹¹³ Another important point is that Iran can satisfy the Central Asian states on certain military equipment instead of Russia. But both points have limitations as the Central Asian states buy raw

¹¹¹ Oded Eran. “Russia in the Middle East: The Yeltsin Era and Beyond,” in Gorodetsky, Gabriel (ed). *Russia between East and West: Russian Foreign Policy on the Threshold of the Twenty-First Century* (London: Frank Cass Publishers, 2003) 161.

¹¹² Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 82.

¹¹³ Allison in Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 82.

materials and some parts from Russia and Russia will find these arm deals offensive or against her economic interests, which will create problems between Iran and Russia.¹¹⁴

Despite a possible clash with Russia, Iran still is an important player in Central Asia. Directly or indirectly Iran can influence or implement policies of the region. As these can both be constructive or destructive, the Central Asian states find Iran essential for stability in the region.¹¹⁵ Iran is an economically stable country compared to the Central Asian states, so Iran also has the chances to influence the region with economic dimension while Russia has too much on her plate with internal problems and conflicts.

When President Khatemi visited Russia in March 2001, the Caspian problem and the arms sales were on his mind as just before his visit, the Iranian Ambassador to Moscow, Mehdi Safari, “in an apparent attempt to solicit support from Rosoboronoexport, dangled the prospect of \$7 Billion in arms sales to Iran, which was followed by an estimate of up to \$300 Million in annual sales by Rosoboronoexport’s director Viktor Komardin”.¹¹⁶ As a reprisal, the U.S. government called for the abrogation of the ABM Treaty and pushed for enlarging NATO into the Baltic states while bombing Iraqi anti-aircraft installations and expelling a number of alleged Russia spies at the same time. Contrary to the American expectations, Putin did not choose to lay low against the U.S., instead, Putin announced formally the resumption of arms sales to Iran and Khatemi was awarded an honorary degree in philosophy from Moscow State University, as well as being invited to tour Moscow's contribution to the international space station and the tense politics continued from there as former Russian Foreign Affairs Minister

¹¹⁴ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 83.

¹¹⁵ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998) 83.

¹¹⁶ Robert O. Freedman. “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

and Prime Minister Eugenie Primakov called Khatemi's visit "the biggest event in the history of relations between Tehran and Moscow."¹¹⁷

Despite Iran's wider desire, the cooperation treaty on foundations of relations and principles of collaboration emerged from the meeting of 2001, which barely stated that if one of the sides was exposed to an aggression from a state, the other side must not give any help to the aggressor. Interestingly, while Russia shows courage against American demands, she also removes the possibility of attacking the U.S. if Iran is attacked by her. Moreover, the Russian deputy defence minister Alexander Luskov, states that "[t]he planned treaty will not make Russia and Iran strategic partners, but will further strengthen partner-like, neighbourly relations."¹¹⁸ After the agreement of Foundations of Mutual Relationships and Principles of Collaboration between Russia and the Republic of Iran¹¹⁹, the relations between two countries have improved. On security issues, both parties have a lot to deal with domestically like fighting terrorism, separatism, drug-trafficking, smuggling and illegal weapons trade in the region, which eventually creates a common ground for collaboration between Russia and Iran.¹²⁰ Chubin says that, "Iran's reliance (actually dependence) on Russia for arms, technology, and diplomatic support reflects a strong current in Iranian thinking that seeks to align itself (sic) with a "rising Asia" behind China, Russia, and India to challenge the U.S.-dominated world order".¹²¹ This statement

¹¹⁷ Robert O. Freedman. "Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq," *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

¹¹⁸ Robert O. Freedman. "Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq," *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

¹¹⁹ The full name of the cooperation treaty of 2001 between Russia and Iran is not clear in academic sources. In order to prevent any misunderstanding about the treaty, this thesis uses Freedman's description in Robert O. Freedman. "Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq," *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

¹²⁰ İbrahim Kamil. "Russian Federation" in Wolfgang Gielert, Kemal İnat and Claudio Kullmann (eds). *Foreign Policy of States – A handbook on World Affairs* (Istanbul: Tasam Publications, 2005) 411.

¹²¹ Shahram Chubin. *Iran's Nuclear Ambitions* (Washington: Carnegie Endowment, 2006) 115.

is accurate seeing that both Iran and Russia try to enhance their ties and cooperation with both China and India on economic and technical issues.

Russia's support for Iran may also be because of a possible new Cold War fear. As we see, Russia has been complaining about a new armament process and even suggests negotiating with the U.S. about this possibility.¹²² This brings a new approach to Iranian – Russian relationship as it may be possible that Russia thinks Iran can side with her if a new Cold War starts and even fight by her side against "the evil America".¹²³ That may be the reason why Russia endangers her situation in international arena as all these arms sales and nuclear plant help are against the U.S. sanctions. The point is, Russia does not only cooperate with Iran, but also with Iraq and North Korea, which are also included in the American context of "axis of evil". Russia is trying to establish her "own axis of friendship."¹²⁴ This also shows how the U.S. shapes Russian foreign policy towards other countries. In many cases like the U.S.' invasion of Iraq and economic relations with Iran, Russia stands against the U.S. strategically. In Iraq case, Russia from the beginning, declared that she was against the invasion of Iraq and would not support the U.S. In both Iraq and Iran cases, Russia prefers a UN dominated international arena in order to avoid US domination. According to Kamil, Russia's economic cooperation with these states are not sufficient in terms of economic relations, but, this is simply Russia's political act of showing herself off as a "superpower".¹²⁵ As Freedman explains,

"[u]nder the circumstances it may have appeared, at least to the Iranians, to be a possibility, as the Kommersant correspondent had

¹²² Judy Dempsey. "Russian Proposes New U.S. Dialogue," *International Herald Tribune*, 10 February 2008, <http://www.iht.com/articles/2008/02/10/europe/russia.php> (Accessed on 11 February 2008).

¹²³ Lilia Shevtsova. *Putin's Russia* (Washington D.C.: Carnegie Endowment for International Peace, 2003) 247 - 248.

¹²⁴ Lilia Shevtsova. *Putin's Russia* (Washington D.C.: Carnegie Endowment for International Peace, 2003) 248.

¹²⁵ İbrahim Kamil. "Russian Federation" in Wolfgang Gieler, Kemal İnat and Claudio Kullmann (eds). *Foreign Policy of States – A handbook on World Affairs* (Istanbul: Tasam Publications, 2005) 413.

noted, that after Iraq, the U.S. might come after Iran. This clearly posed a problem for Putin, Bush's erstwhile ally in the war on terrorism. Just as Russian companies, by supplying night vision equipment and GPS jammers, and anti-tank missiles, had alienated the U.S. over Iraq; as relations cooled with Washington there was the possibility that Moscow might sell weapons to Iran that could greatly complicate U.S. maneuvering [sic] in the region. Such sales might include the new Russian ship-to-ship missiles with ranges from 120-280 kilometers that could threaten the U.S. fleet not only in the Persian Gulf, but in the Indian Ocean as well, and the improved version of the SAM 300 anti-aircraft missile that could engage U.S. aircraft at high altitudes. Indeed the type of weapons systems that Moscow sells to Iran along with its position on the Bushehr reactor will be good barometers of U.S. – Russian, as well as Russian – Iranian relations.”¹²⁶

Despite American efforts, arms sales will continue to be an important part of the security precautions in the region. With the wars in and around the region today like Iraq war, Georgian – Russian short term war and internal unrest and struggles, security will have been far away from the region in the future, too. With what Putin started as a tactical cooperation on security of the region and economic revenues of this cooperation, the U.S. would not get what she wanted soon.

4.4 Limits of Russian – Iranian Nuclear Cooperation

Nuclear energy is very important for Iran both economically and politically. Iran is a hydrocarbon rich country, but it is not a secret that hydrocarbons do not last forever and they are non-renewable. According to Iranian officials, the economic dimension of Iran seeking nuclear energy is to find a replacement for hydrocarbons when the reserves become empty. In line with this theorem, Iran can continue to have enough energy to use for domestic purposes and to export to countries, which have to import energy. Iran's economy has been improving for a couple of years, and the demand for energy in the domestic area both for housing and for industrial purposes has started to increase dramatically. Theoretically, nuclear energy can replace the role of

¹²⁶ Robert O. Freedman. “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

hydrocarbons in the long term for energy production and if Iran holds nuclear technology, assumed only used for peaceful means, Iran will have a chance to supply the energy demand according to official explanations.

Politically, Iran has never missed an opportunity to show her strength despite the U.S.' embargo and restrictions for other states' investments in Iran. Nuclear energy is another chance to show she will not give up her nuclear research and energy just because of the American demands. Iran's nuclear energy program has already shifted to a political way than an economic or security need. As Chubin says,

“Blocking Iran's access to technology, mobilizing diplomatic coalitions for sanctions, and countering its regional initiatives are thus much harder than in the case of countries like North Korea (or Libya). And as a major oil and gas supplier located at the crossroads of the Caspian and the Persian Gulf and the Arab and Asian subcontinent, Iran is not without potential assets. Iran has invested in its nuclear infrastructure for nearly decades. The program has been marked by persistence and incrementalism, by determination rather than urgency. As the absence of a crash program would suggest, the motives for investing in a nuclear option stem more from political than security imperatives.”¹²⁷

As I mentioned earlier, Iran's main motive –one of the obvious ones at least- is to rebel against a unipolar, US-dominated world order. Nuclear capability, not only economically but also politically, can help Iran to avoid the U.S. dominating the region with her “imperial” ways, which certainly is a threat to Iran.¹²⁸ With Russia and China supporting her, Iran continues cooperation in Shanghai Cooperation Organization (SCO) –despite being an observer only- as an anti-NATO and anti-Western standing. However, with Iran “rebellious” against the U.S. with nuclear energy developments, it is also a possibility that the U.S. and the West can see this development as a threat to their own security, thus starting a new hot conflict.

By forcing the IAEA to withdraw from assistance program, the US destroyed a possible more cooperative relationship between the IAEA and Iran on nuclear

¹²⁷ Shahram Chubin. *Iran's Nuclear Ambitions* (Washington: Carnegie Endowment, 2006) 11.

¹²⁸ Shahram Chubin. *Iran's Nuclear Ambitions* (Washington: Carnegie Endowment, 2006) 134.

energy and reactors. If the US did not put that much amount of pressure, the lack of confidence to Iran's nuclear program would possibly be less, since the IAEA would have more control over the program. Instead, Iran's alienation resulted in a pragmatic cooperation with Russia and other states, far away from full control over Iran's nuclear reactors and uranium enrichment program. In late 1980s, Iran once again asked Germans to finish the plants project but Siemens officials refused this proposition as a result of the heavy diplomatic pressure from the US.

Iranian – Russian cooperation on nuclear energy started in January 1995 when Iran signed a contract on constructing a reactor.¹²⁹ Why and how Russia agreed to help Iran build Bushehr plant could be best understand from former Minister of Nuclear Energy Viktor Mikhailov's own words as he said "What could Russia have brought onto world markets? We only had one strength: our scientific and technical potential. Our only chance was broad cooperation in the sphere of peaceful nuclear energy, as Minatom (the Ministry of Atomic Energy) was, and continues to be, a

¹²⁹ Iran's history with nuclear energy started in 1974, during Shah regime, with a project for constructing two 1.200 – 1.300 megawatt electric (MWe) pressurized water nuclear reactors near Bushehr by the German contractor Siemens. Iran's nuclear program was even backed by the Ford administration in 1974 and direct contribution was offered. Iran continued trying to develop her nuclear energy program until the Islamic Revolution took place. After the Islamic Revolution, the project was halted as Ayatollah Khomeini declared that these nuclear plants were anti-Islamist just like many projects during the Shah era. During the Iran – Iraq war, construction of the nuclear power plant, which was partially completed before the revolution, in Bushehr ceased in 1982 as a result of a fire in the facility and bombs from Iraqi war aircrafts heavily damaged both plants. In 1981, the new government decided that owning nuclear energy was to the benefit of the state and Iran should continue nuclear energy projects. In 1982, Iranian government announced that a reactor, which would be powered by Iran's own uranium, was planned to be built at the Esfahan nuclear technology centre. After the announcement, the IAEA declared that they would help Iran to generate their own uranium from yellowcake in order to use it as a reactor fuel, so they could "contribute to the formation of local expertise and manpower needed to sustain an ambitious programme in the field of nuclear power reactor technology and fuel cycle technology," but this assistance program was terminated due to heavy American pressure. By forcing the IAEA to withdraw from assistance program, the US destroyed a possible more cooperative relationship between the IAEA and Iran on nuclear energy and reactors. If the US did not put that much amount of pressure, the lack of confidence to Iran's nuclear program would possibly be less, since the IAEA would have more control over the program. Instead, Iran's alienation resulted in a strategic cooperation with Russia and other states, far away from full control over Iran's nuclear reactors and uranium enrichment program. In late 1980s, Iran once again asked Germans to finish the plants project but Siemens officials refused this proposition as a result of the heavy diplomatic pressure from the US. See Cyrus Safdari. "Iran Needs Nuclear Energy, Not Weapons," *Le Monde Diplomatique*, 2 November 2005, <http://mondediplo.com/2005/11/02iran> (Accessed on 20 December 2008).

leader in this field.”¹³⁰ What Mikhailov thought was probably a version of functionalism, which requires economic and trade relations to move onto other cooperation possibilities like politics.

According to the agreement, Russia promised to provide one VVER-1000 (a.k.a. WWER-1000) 950 – 1.073 MWe (electrical) light water reactor at Bushehr for \$800 million, which would be with a copy configuration to “Unit Four” of the Russian Balakovskaya plant at Balakovo, Saratov, but would be installed according to the original German plans.¹³¹ Although the plan of finishing the left-alone reactor practically seemed easy, the new Russian project required enlargement of the existed reactor building since the horizontal VVER-1000 steam generators were larger than the original German design. In fact, delays for the completion of the Bushehr reactor mostly connected to differences in two plans.¹³²

Russia’s economic motives for helping Iran on nuclear energy is worth billions of dollars, and political motives also back these motives. However, the problem with Russian help is the always existed dilemmas on politics and security. As Realists say, this is a zero-sum world and Russia can not and will not continue supporting Iran to the end. Russia’s main motive will be survival of the state and thus security related issues and with the ongoing problems of Iran with the other states on nuclear energy will make Russian support dangerous at one point and will make Russia think twice before siding with Iran if other states including the United States unite against Iran. The moment Iran has nuclear weapons openly and becomes more aggressive towards other Russian allies such as Israel, or tries to overthrow Russia from the Central Asia or the Caucasus may be the final moment for the cooperation.

¹³⁰ Cited in Vladimir O. Orlov and Alexander Vinnikov. “The Great Guessing Game: Russia and the Iranian Nuclear Issue,” *The Washington Quarterly*, Spring 2005, 51-52.

¹³¹ “Weapons of Mass Destruction: Bushehr Background,” *Global Security*, <http://www.globalsecurity.org/wmd/world/iran/bushehr-intro.htm> (Accessed on 30 May 2008).

¹³² Apart from a nuclear reactor, it was also known that Iran was looking for cooperation for a uranium enrichment facility. Iran’s long talks and negotiations with Chinese government did not resulted in a good way since China pulled out from the negotiations also because of pressure from the US. However, Iran announced that this would not stop Iran to have her own nuclear energy.

Having Iran as the major threat against Russia's own safety will be against the principle of ensuring the security of the state even when there is a known open threat. Despite the economic benefits of cooperation, or the political unification against the U.S.' unipolar world, Russia will stop economic and technological cooperation with Iran at best. As Wohlforth says, "balancing the United States risks making Russia less secure, by, for example, subordinating Russia to a rising China or transforming Iran into a nuclear power. Russia's soft balancing was thus often an act—a rhetorical cover for a multilateral strategy that allowed a relatively weak Russia to maximize its diplomatic leverage and hedge its bets."¹³³

When Putin started to act as the president, Iran became more important in Russian foreign policy and Russia repudiated the Gore-Chernomyrdin agreement in 2000 and re-arranged arms sales to Iran, which became an important regional "ally" and a symbolic insubordination to the U.S. After 2002, Russian position towards Iran shifted slightly. Although Putin, in 2001, said that "economically, Russia is interested in cooperation ... and politically, Iran should be a self-sufficient, independent state that is ready to protect its national interests," his policies in 2002 and onwards shows that Russia continues cooperation with Iran while she also restores her relations with the U.S.¹³⁴ Trying to balance her relations with both states, unlike Russia's previous statement, from 2002 onwards, Russia does not hesitate to show her scepticism towards Iran, stating that Iran should cooperate with the IAEA and should never pursue nuclear weapon production.¹³⁵ Still, Russia also does not end her arms trade or nuclear cooperation with Iran even today. Theoretically, the U.S. should not feel threatened by Iran's possible production of

¹³³ William C. Wohlforth. "Russia: Russia's Soft Balancing Act," in Friedberg, Aron and Ellings, Richard J (eds). *Strategic Asia 2003-04: Fragility and Crisis* (Seattle: NBR,2003) 176.

¹³⁴ Michael Wines. "Putin to Sell Arms and Nuclear Help to Iran," *The New York Times*, 13 March 2001, <http://query.nytimes.com/gst/fullpage.html?res=9804E5D8103AF930A25750C0A9679C8B63> (Accessed on 29 February 2008).

¹³⁵ Steven Myers. "Russia Says It May Reconsider Its Nuclear Plant Deal with Iran," *The New York Times*, 3 August 2002, <http://query.nytimes.com/gst/fullpage.html?res=9900EFDF153BF930A3575BC0A9649C8B63&sec=&spon=&partner=permalink&exprod=permalink> (Accessed on 29 February 2008).

nuclear weapons. This option can be true, but not with the help of Russia. Russian help for Iran on creating nuclear weapons is simply against the security of Russian state. In fact, this is the main reason of Russia's unsteady behaviours towards Iranian nuclear energy development. Russia is in a dilemma; while nuclear cooperation with Iran pays a lot of economic help for Russia, a nuclear-capable Iran can also turn to a threat in middle and long term due to nuclear weapon construction option.

In 2002, Iran admitted that she had been conducting clandestine nuclear research activities for 18 years, which made Russia be shocked perhaps more than any other state in the world. Interestingly, these 18 years long activities were also far from being illegal. Despite Russia's scepticism towards Iran on nuclear issues, when December 2002 came, Russia was practically protecting Iran against the international community. When satellite photographs appeared in December 2002, showing two new nuclear facilities, one of them in Natanz –a centrifuge plant-, and the other one in Arak –a heavy water plant-, Russia cared little about a possible nuclear secrecy of Iran and did not hesitate to show his belief through the Director of Minatom, Alexander Rumyantsev, who said that these photographs were not a sufficient evidence.¹³⁶ Despite Russia's support, they also guaranteed themselves by stating these grounds had nothing to do with the Russians but they were ready to supply the necessary fuel to Iran on the condition that Iranians must return the spent fuel to Moscow so both Russia and other states could be sure that Iran did not pursue nuclear weapon production. Although Russian authorities declared the precondition, they continued to supply Iran with nuclear fuel claiming that even if Iranians did not give the guarantee about the return of the used fuel; Iran did not have the capacity to produce nuclear weapons anyway.

In order to see effects of the economic gains versus political gains, Russian – Iranian relations on nuclear power become a good example. While Russia wants to continue to help and support Iran on nuclear energy because of economic gains, the pressure

¹³⁶ Robert O. Freedman. "Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq," *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

and reactions of international community push Russia to be sceptical of Iran and sometimes act the exact opposite of her usual way. Russia's behaviour between December 2002 and March 2003 exactly contributes to the way described above.

When March 2003 came, International Atomic Energy Agency (IAEA) team visited those two plants in Iran and just before the team's reports were clear on these plants, Rumyantsev declared that it was not possible for Russia to tell whether Iran was developing nuclear weapons or not, claiming Iran was not informing Russia of all of her plans. So far this might not be a good evidence to the behaviour mentioned above, however, in June 2003, it became clear that the U.S. had been making demands from Russia on Iran's Bushehr reactor like not supplying any nuclear fuel to the mentioned reactor unless Iran would be bound to send back the used fuel to Moscow or Moscow withholding the nuclear fuel until Iran and the IAEA reached an agreement on the IAEA's visit permission to all Iranian nuclear facilities anytime the agency wanted with or without notice.¹³⁷ Through Iran's nuclear energy progress, sending back the used fuel to Moscow does not become the focus point, however, for the latter part, not only the U.S., but also the G8, which Russia is also a member of, and the EU pushes Iran to make her accept cooperating with the IAEA by declaring they "urge [sic] Iran to sign and implement the IAEA Additional Protocol without delay or conditions" and they offer their "strongest support to comprehensive IAEA examination of this country's nuclear program."¹³⁸

Thinking Russia will stop sending fuel to Bushehr nuclear plant is something that will hurt Russia deeply economically since Iran is Russia's one of the most important client and cash money provider, as a result, pushing Russia is not something easy to stop supplying nuclear fuel to Iran on strict conditions. However, it is natural for Russia to ask for some guarantees from Iran in order to reduce the

¹³⁷ Robert O. Freedman. "Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq," *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

¹³⁸ "Non Proliferation of Weapons of Mass Destruction a G8 Declaration," *G8 – Evian Summit Documents*, June 2003, http://www.g8.fr/evian/english/navigation/2003_g8_summit/summary_program.html (Accessed on 30 May 2008).

pressure from the international community even for a little. Although many states are waiting Russia to stop sending nuclear fuel to Iran unless she signs the protocol with the IAEA, during the Putin era, Russian Foreign Ministry Spokesman Alexander Yakovenko said that Russia would only freeze the fuel flow until Iran agreed and guaranteed to send Russia back the rest of the used nuclear fuel in order to show that nuclear fuel was not of weapon usage and limited to energy production, and Yakovenko also said that Russia did not care about the IAEA – Iran cooperation via the protocol since that protocol was only on a voluntary basis and not a must.¹³⁹

In 2004, according to Russian authorities like Vyacheslav Trubnikov, director of Foreign Intelligence Service of Russia, the possibility of developing a nuclear bomb for Iran was “impossible” and the U.S. accusations were unfounded as intelligence for the U.S. officials came from Israeli Intelligence Mossad reports.¹⁴⁰ In reality, Russians do not believe that Iranians have the capability to develop a nuclear bomb. Despite having close relations with Israel, Russia continues to point out that Israel already holds the nuclear power on her hands, while no state objects this armament process. Still, Israel’s fear for Iran’s nuclear program is understandable as Iran is an important foe of Israel, and Israel always show her hostility to Iran, and never hesitate to show a stick if Iran shifts to a side in “dangerous” zone for Israel, threatens when she finds it necessary.

2004 is an important year for Iran, her nuclear program and her relations with Russia. After the Natanz exposure, Russia was disappointed to say the very least. After Russia’s announcement of Iran as a state with “unclear status” on nuclear credibility in October 2003 along with North Korea, Russia continued to stay neutral or against Iranian nuclear energy program.¹⁴¹ In 2004 G-8 summit, Russia signed

¹³⁹ Robert O. Freedman. “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

¹⁴⁰ “Iranian Access to Atomic Weapons Impossible: Russian Official,” *Global Security*, 12 May 2004, <http://www.globalsecurity.org/wmd/library/news/iran/2004/iran-040512-irna02.htm> (Accessed on 23 December 2008).

¹⁴¹ Vladimir O. Orlov and Alexander Vinnikov. “The Great Guessing Game: Russia and the Iranian Nuclear Issue,” *The Washington Quarterly*, Spring 2005, 55.

another declaration, which generally stated that she would end cooperation with states that violated NPT or IAEA regulations. Although Russian act would seem impossible in a few years back, after Iran's clandestine researches became exposed, Russia realized that there was a possibility for Iran to violate these commitments.

Another one of the most important things happened in 2004 related to Iran's nuclear program is Paris Peace Accords between Iran, France, Germany and the United Kingdom (U.K.) with the support of the High Representative of the European Union. When in 2004 major powers united and protested, showing their concern on Iran's uranium enrichment program, Iran suspended her all enrichment process, which is something unique and unpredictable for Iran as she does not even stop the program even under heavy American pressure. According to the accord, Iran once again reaffirms her commitments from 2003 Tehran Agreed Statement, in which Iran promises to not seek nuclear weapon building, not violating non-proliferation treaty and continue cooperating with the IAEA on clear grounds. With signing the accord, Iran declared to suspend the reprocess of uranium activities and "manufacture and import of gas centrifuges and their components."¹⁴² The reason why Iran agreed a wide ranged suspension was the unity of major powers, including Russia up to a point. Suddenly finding herself alienated even by Russia, Iran did not want to push her chances and agreed to lay low at that moment. For Russians, Iran's cooperation with the IAEA is usually enough even when other states are not satisfied with the level of cooperation. Russia continuously says that Bushehr plant will not be used for military objectives or to build nuclear weapons. Russians seems incredibly supportive of Iran's motives for developing a nuclear power although her support is interrupted when security concerns overwhelm economic gains.

Post 2004 period is another important era on Russian – Iranian collaboration on nuclear subjects. Russia once again decided to fully support Iran on her nuclear program and refused any possibility of nuclear weapon building capacity of Iran. Although the U.S. continued to pressure Russia to make her stop cooperating with

¹⁴² Full text of the Paris Peace Accords can be found in Gary Samore. *Iran's Strategic Weapons Programmes: A Net Assessment* (London: Routledge, 2005).

Iran on nuclear plants, Russia had few reasons to stop her collaboration, especially after what happened in Ukraine and American influence in the country and disagreements between the U.S. and Russia on Ukrainian politics, especially Orange Revolution and the 2004 elections.¹⁴³ Despite the U.S.' constant tries to persuade Russia about Iran's dangerousness, Iran has done little, if any for decades that can be considered as dangerous or threatening. Iran's abstention on Chechen problem, which is very important for Russia, puts Iran to a higher level on cooperation.

Russia's usually extensive support for Iran has two important reasons: economic and political benefits. Contracts worth billions of dollars are too good to let go in a moment. Moreover, Iran's hard currency can be used to develop Russian economy as well as to help domestic problems on both security issues and simple urbanization process. Iran's program to build her own enrichment facility may not be beneficial for Russia, and plus, if the cooperation is mostly based on economic reasons, than Iran's ability to make the whole fuel cycle will cost millions of dollars to Russia as Iran will not buy any fuel from her anymore. However, Iran also expresses the situation about enrichment as not going against Russian interests for at least ten years as she will continue to buy Russian fuel in order to have the necessary waste amount of low enriched uranium needed for a power plant.¹⁴⁴ Politically, Iran helps Russia to develop a multipolar world order against a U.S. led unipolar world order. Iran is a joker card for Russia against the U.S. in terms of manoeuvring international politics. Iran – Russian collaboration also becomes more than beneficial for regional disputes and issues like Russia's Chechnya problem, Tajikistan civil war and hydrocarbon transportation from the region without being influenced by the U.S. or Western actors.

¹⁴³ Patrick Clawson. "Influencing Iran's Nuclear Activities through Major Power Cooperation," *The Washington Institute for Near East Policy, Policy Watch*, No. 936, 30 December 2004, http://www.ciaonet.org/pbei/winep/policy_2004/2004_936 (Accessed on 20 December 2008).

¹⁴⁴ Patrick Clawson. "Influencing Iran's Nuclear Activities through Major Power Cooperation," *The Washington Institute for Near East Policy, Policy Watch*, No. 936, 30 December 2004, http://www.ciaonet.org/pbei/winep/policy_2004/2004_936 (Accessed on 20 December 2008).

One of the bases, which led Russia used to protect Iranian aims and capabilities, was the shipment of used fuel back to Russia. However, especially after 2003, Iran admitted secret cooperation and trade of yellowcake from other states like Namibia or extracting their own yellowcake from underground mines of Yazd, which created suspicion among the Russian authorities. Iran's admission in 2003 resulted in too many sceptical questions and commends from many sources. While the U.S. State Department spokesperson Richard Boucher said that "Iran's admission that it's been mining uranium when Russia has agreed to provide all the uranium fuel for the lifetime of the Bushehr reactor raises serious questions about Iran's supposedly peaceful nuclear program," the IAEA Chief Gholamreza Aqazadeh announced that Iran was not too far from completing the fuel cycle and this put Iran in a far away position from a peaceful nuclear energy seeker.¹⁴⁵

Despite Russian claims on Iran's incapability on building nuclear bombs, Iran already imported a ton of uranium hexafluoride (UF₆) and 800 kilograms of uranium tetrafluoride (UF₄) from China in 1991. As the UF₆ is a uranium compound, produced in a uranium conversion facility, it has the ability to become gas when heated and can be fed into centrifuges for enrichment so it can either be used for electricity or building nuclear bombs in the end. Iran's uranium enrichment in Esfahan facility's output of 110 tons of UF₆ or "hex" was enough for 22 bombs.¹⁴⁶ Iran's enrichment program is against her previous claims on sending the produced UF₆ to abroad and let the enrichment process happen in another country so it may be converted to UO₂ as reactor fuel. Natanz enrichment facility was completely against this claims, still, Russia kept supporting Iran and opposing sanctions in UNSC.

Although Jafarzadeh clearly accuses Iran of producing nuclear bombs secretly, Safdari also has his answer about enriched uranium and its uses. Safdari says that,

¹⁴⁵ Cited in Alireza Jafarzadeh. *The Iran Threat: President Ahmadinejad and the Coming Nuclear Crisis* (New York: Palgrave Macmillan, 2007) 156.

¹⁴⁶ Alireza Jafarzadeh. *The Iran Threat: President Ahmadinejad and the Coming Nuclear Crisis* (New York: Palgrave Macmillan, 2007), 157.

“We should note the technical details of the nuclear fuel cycle. Uranium is sold all over the world as yellowcake, which typically contains 70%-90% uranium oxide. It is then purified to obtain uranium hexafluoride. Iran already carries out these transformations under the supervision of the International Atomic Energy Agency (IAEA). The final stage is known as enrichment, a process that generates a sufficient amount (3%) of one isotope, uranium 235, to produce nuclear power. To be used in a weapon, the proportion has to reach 90% U-235. Article IV of the Treaty on the non-proliferation of nuclear weapons (better known as the Non-Proliferation Treaty, NPT) guarantees the “inalienable right of all the parties to the treaty to develop research, production and use of nuclear energy for peaceful purposes”. Signatory countries have the right to enrich uranium.”¹⁴⁷

Although Russia did not completely cancel her support for Bushehr reactor even after the admitted facilities came on the scene, various schedule changes took place about the beginning of the functional working of the facility. Starting from 2002, there were claims about getting the reactor ready in 2002 from the Minatom authorities, than this date became 2003, 2004 and 2005 finally. In June 2003, Rumyantsev declared that the reactor would be functional in 2005 instead of 2004 because the replacement needed for some of the equipment, which resulted in a rumour that the delay originally was a result of the U.S. pressure to make the construction process slower instead of a necessity.¹⁴⁸ The delay of the opening of the reactor also resulted in worldwide press speculations parallel with the international community like:

“Israel's “Yediot Aharonot” newspaper reported on 23 August 2004 that Israeli officials were skeptical [sic] about Iranian claims that the completion of the Bushehr nuclear reactor will be delayed by one year. According to the Israeli daily, Israeli and US satellite imagery shows that the water pipes needed to cool the reactor were installed in 2002, and “according to Israeli experts, that is proof that the reactor has reached the point where it is being prepared for operation.” An anonymous “Israeli expert” claimed that the “Iranians are conducting a massive cover-up about the reactor.” On

¹⁴⁷ Cyrus Safdari. “Iran Needs Nuclear Energy, Not Weapons,” *Le Monde Diplomatique*, 2 November 2005, <http://mondediplo.com/2005/11/02iran> (Accessed on 20 December 2008).

¹⁴⁸ “Weapons of Mass Destruction: Bushehr – Iran Nuclear Reactor,” *Global Security*, <http://www.globalsecurity.org/wmd/world/iran/bushehr.htm> (Accessed on 30 May 2008).

13 November 2005 the head of Russia's Security Council says work to build the nuclear-power plant in Iran was more than 80 percent completed. Security Council Secretary Igor Ivanov, on a visit to Tehran, said Russian specialists were actively working at the Bushehr facility in southern Iran. At that time the \$800 million Russian-built reactor was scheduled to come on line by the end of 2006.”¹⁴⁹

It is very interesting as according to the official Russian declaration in 2005, the building of the nuclear plant was 80% completed, but until 2008, it was still not officially functional. It is even doubtful if the plant will be ready in 2009, since it was supposed to be working in March 2008. It may not be ready to work fully in the end. Still, there is also the question why would Russia keep helping Iran if pressure from the U.S. was so effective to delay the completion at least for 4 years. According to Freedman, there are four reasons for Russia to continue helping Iran despite the U.S.’ carrot and stick policies:

“First, Moscow is keen to develop its nuclear reactor industry, which employs thousands of top-grade Russian scientists, and Iran pays hard currency for the reactors. Second, the sale of such sophisticated equipment fits right into Putin's plans to rebuild the Russian economy. Third, aid from the U.S. is problematic, because whatever the Executive branch of the U.S. may decide, Congress could cut the appropriation. In addition, by earning its own hard currency, rather than depending on hand-outs from the U.S., Putin can demonstrate Russian pride in its own scientific achievements. Finally, by standing up to the U.S. on the issue of nuclear assistance to Iran, Putin demonstrates that despite 9/11, Russia is still following an independent policy line and he may feel that such a position will be beneficial to him as the Russian elections near, much as was his tough position during the Anglo-U.S. invasion of Iraq. Nonetheless, by delaying completion of the Bushehr reactor, and now publicly requiring Iran to return the spent nuclear fuel to Russia, Moscow also seeks to avert a possible U.S. attack on Iran, something that would have posed another painful choice for Putin.”¹⁵⁰

¹⁴⁹ “Weapons of Mass Destruction: Bushehr – Iran Nuclear Reactor,” *Global Security*, <http://www.globalsecurity.org/wmd/world/iran/bushehr.htm> (Accessed on 30 May 2008).

¹⁵⁰ Robert O. Freedman. “Russian Policy Toward the Middle East Under Putin: The Impact of 9/11 and The War in Iraq,” *Alternatives*, Vol. 2, No. 2, Summer 2003, <http://www.alternativesjournal.net/volume2/number2/putin.htm> (Accessed on 12 March 2008).

Since 2005, Russia has been in a dilemma considering the fact that she wants to continue her relations with Iran, and also wants to keep her place powerful in international arena like G-8. As Russian Ministry of Foreign Affairs stated, “The future of bilateral relations in various areas between Russia and Iran depends on the developments around Iran’s nuclear program to a large extent. It is necessary to carry out a very prudent policy with Iran regarding our national interests, but we should also eschew the renunciation of the regime on the non-proliferation of nuclear weapons.”¹⁵¹

In order to balance between these two parties, Russia signed an agreement with Iran for air defence missiles sales of \$1 billion in 2005, and she also stated that her proposal to handle the enrichment “on Russian soil constituted a logical way out of diplomatic impasse and some form of Security Council sanctions”.¹⁵² In April 2006, Ahmedinejad announced in Mashad that the pilot fuel enrichment plant at Natanz finally achieved successful enrichment of low-enriched uranium to 3.5 percent,¹⁵³ which means that Bushehr reactor can be fuelled sufficiently with the needed concentration with an all-Iranian fuel cycle. After the announcement, many objections against Iran’s enrichment success aroused and there was a high pressure to force Iran abandon enrichment program. Just like the previous statements of Ahmedinejad, he refused to stop Iran’s uranium enrichment program and added that Iran’s Western enemies, who demanded that Iran must halt her sensitive nuclear activities were “racing to hell.”¹⁵⁴ While Ahmedinejad has been making harsh statements against the world, Ayatollah Ali Khamenei, Iran's supreme leader, repeats that Iran is not seeking to build nuclear weapons and Iran’s nuclear programme is

¹⁵¹ Cited in Bülent Aras and Fatih Özbay. “The limits of the Russian-Iranian strategic alliance: its history and geopolitics, and the nuclear issue,” *Korean Journal of Defense Analysis*, Vol. 20, No. 1, 2008, 58.

¹⁵² Shahram Chubin. *Iran’s Nuclear Ambitions*. (Washington: Carnegie Endowment, 2006) 11.

¹⁵³ Alireza Jafarzadeh. *The Iran Threat: President Ahmadinejad and the Coming Nuclear Crisis* (New York: Palgrave Macmillan, 2007) 164-165.

¹⁵⁴ “Iran Rejects “Impossible” Nuclear Suspension,” *Space War Website – Nukewars*, 9 September 2007, http://www.spacewar.com/reports/Iran_rejects_impossible_nuclear_suspension_999.html (Accessed on 20 December 2008).

peaceful and adds “while the Iranian people do not have nuclear weapons and do not wish to acquire these deadly arms, the people are respected because their grandeur is based on their beliefs and their will.”¹⁵⁵

Although it is not only the U.S., which is sceptical about Iran’s true motives on nuclear energy, Iran does not seem to make things easy for both states and for associations. Even Russia, which helps Iran on non-military nuclear research, is sceptical on Iran’s real motives. In fact, Russia had quite hard time, especially in 2006 when a G-8 summit took place and Russia's admission to world Trade Organization was used parallel with her cooperation with Iran. As a result of scepticism on Iran’s motives, there have been suggestions for Iran from UN or European states. One of the suggestions is that Iran should let monitoring of her nuclear program simultaneously, which Iran refused the second it was offered. There is also the Russian proposal that Iran can mine and process uranium to gas, but, then ship the uranium hexafluoride gas to Russia, which will convert it to fuel rods and ship back to Iran.¹⁵⁶ This option is also a useless one as Iran refused this option saying that Iran should have the whole fuel cycle technology and capability in order to not be dependent on Russia or any other country.

The reason why Russia usually does not support other countries in UN Security Council for sanctions on Iran is that Russia is the main supplier of Iran’s technology and these sanctions will certainly damage Russian interests. Thus, Russia encourages Iran to cooperate with the IAEA. Being stubborn or having ulterior motives, Iran has been not cooperating with the IAEA on their terms until now. What Iran does, is mostly cooperating enough to prevent major powers’ direct intervention but still keeping the IAEA away, so the agency can not have full knowledge of Iran’s process on nuclear program. Although Russia is in favour of peaceful negotiations and cooperation on Iranian case, Iran’s unwillingness pushes

¹⁵⁵ “Iran Rejects “Impossible” Nuclear Suspension,” *Space War Website – Nukewars*, 9 September 2007, http://www.spacewar.com/reports/Iran_rejects_impossible_nuclear_suspension_999.html (Accessed on 20 December 2008).

¹⁵⁶ Shahram Chubin. *Iran’s Nuclear Ambitions* (Washington: Carnegie Endowment, 2006)

Russia to a position to threaten Iran. For example on February 27, 2008, “Russia warned Iran ... that unless it ceased uranium enrichment within days Moscow would support new UN sanctions being prepared by the West against the Islamic Republic.”¹⁵⁷

Returning to 2007, Putin’s visit to Tehran for a summit on the Caspian issue with the other littoral states marks 2007 as an important day, not for the Caspian problem, but for Putin’s remarks on Iran’s nuclear plants and the security of the region. Putin’s visit was very important as the last Russian leader visited Tehran was Joseph Stalin in 1943 during Soviet era. Just before Putin came to Tehran, he visited Angela Merkel, German Chancellor. Putin’s visit to Germany also resulted in a rush of questions about his visit to Iran a few days later. Despite the rumours about a possible assassination effort of the Russian leader, which was dismissed by the Iran's Foreign Ministry spokesman Mohammad Ali Hosseini, Putin strictly stated that he would go to Iran no matter what.¹⁵⁸

Upon Putin’s arrival, Iranian President Mahmoud Ahmedinejad officially welcomed Putin, who was also welcomed by Iranian Foreign Minister Manouchehr Mottaki at the airport first. Sending cooperation messages to whole world, both leaders expressed their pleasantness for cooperation. During his visit to Iran, Putin stated his desire of a peaceful and stable region by saying that “[w]e should not even think of using force in this region” clearly opposing a possible American invasion of Iran.¹⁵⁹ Naturally, Iran benefited from this summit perhaps more than any other. Putin’s statements and support for Iran’s nuclear developments suddenly turned the summit into a defence for Iran against the West and the U.S. as Putin continuously said that

¹⁵⁷ “Russia Tells Iran to Halt Enrichment or Face Sanctions,” *International Herald Tribune*, 27 February 2008, <http://www.ihf.com/articles/2008/02/27/mideast/iran.php> (Accessed on 27 February 2008).

¹⁵⁸ For further information about Putin’s visit to Germany, check the Spiegel Online website: <http://www.spiegel.de/international/world/0,1518,511484,00.html>.

¹⁵⁹ Scott Peterson. “Russia, Iran Harden Against West,” *Christian Science Monitor*, 18 October 2007, <http://www.csmonitor.com/2007/1018/p06s02-woeu.html> (Accessed on 30 May 2008).

Iran's aims for nuclear power was peaceful and there was no evidence against this situation.

Despite Putin's supportive words, he did not make any clarification about when Russia would start sending nuclear fuel for the Bushehr reactor. Considering the fact that having a state, which has nuclear power, is the last thing Russia wants near her border, this reluctance about completing the Bushehr reactor is natural. Russia showed her position against a non-peaceful-nuclear-capable Iran on Putin's meeting with Israel's Prime Minister, Ehud Olmert, who came to Moscow in order to discuss the developments of the Caspian Summit regarding Iran. It is very dangerous for both Russia and Israel to have a nuclear weapon holder state, especially a state like Iran, which is not known for her patience and gentleness. As a result, Russia delays completing the Bushehr reactor as much as she can even today, but while delaying, she also shows her strength against the U.S. That is the main reason why Russia supports to control and inspect Iran on peaceful terms. This way, there will be control over Iran and with peaceful terms; the region may continue to be a destination of hard currency flow to Russia.

Right after the meeting in Tehran, Iran accused Russia of agreeing to the West, and not completing Bushehr nuclear facility and Russia had accused Iran of not paying on time for equipments and once again delayed the time for fully operating the facility in fall of 2007. In general, there are speculations on Russia's delays. The most powerful speculation is Russia's possible siding with the U.S. and the West. However, from Iranian perspective it does not seem accurate as Ahmedinejad says that there is a "deep difference of opinion between Russia on the one side and America and France on the other side in dealing with Iran's nuclear case."¹⁶⁰

On March 3, 2008, UN imposed new sanctions on Iran. The Security Council voted 14 against 0, with Indonesia voting absent, to sanction Iran as she did not stop uranium enrichments program. Although both China, which was increasing oil trade

¹⁶⁰ Scott Peterson. "Russia, Iran Harden Against West," *Christian Science Monitor*, 18 October 2007, <http://www.csmonitor.com/2007/1018/p06s02-woeu.html> (Accessed on 30 May 2008).

with Iran, and Russia, which helped Iran on nuclear energy program were hesitant at first, the sanctions passed at the end, including 13 new names to the suspicious list and asset restrictions.¹⁶¹ Unlike the expectations, Iran only stated that these sanctions were worthless and could not have an impact on Iran's right to continue her "peaceful nuclear researches."¹⁶² Iran mostly base her assumptions about developing her own nuclear capabilities on NPT, which encourages states' to make the fullest possible exchange of equipment, materials, scientific and technological information. Moreover, Iranian officials and authors like Safdari claimed that the IAEA's inspection program was useless as the "IAEA could not be expected to predict what technology would or will not be used for in future years."¹⁶³

4.5 Conclusion

Although economics is very important for a state to continue existing, security is the main objective for states. However, these two important issues sometimes may create a dilemma like in the case of Russian – Iranian relations on arms sales, nuclear energy development and regional cooperation.

Arms sales is one of the main determinant of Russia's attitude towards Iran. Despite creating concerns towards security in international arena, Russia continues to sell arms to Iran and benefits from the important amount of cash flowing in. American and Western objections to armament of Iran also becomes an issue both for Russia and Iran as for the U.S. and the Europeans, Russia is not helping on disarmament in the world and Iran, already being a hostile state in the public eye of the world, becomes a threat to the security. Still, Russia has already showed that she will not

¹⁶¹ Robin Wright and Colum Lynch. "U.N. Imposes New Sanctions on Iran," *Washington Post*, 4 March 2008, <http://www.washingtonpost.com/wp-dyn/content/story/2008/03/03/ST2008030303272.html> (Accessed on 4 March 2008).

¹⁶² Warren Hoge and Elaine Sciolino. "UN Security Council Passes Third Resolution for Sanctions on Iran," *International Herald Tribune*, 7 March 2008, <http://www.iht.com/articles/2008/03/04/africa/iran.php> (Accessed on 7 March 2008).

¹⁶³ Cyrus Safdari. "Iran Needs Nuclear Energy, Not Weapons," *Le Monde Diplomatique*, 2 November 2005, <http://mondediplo.com/2005/11/02iran> (Accessed on 20 December 2008).

cancel arms sales agreements with Iran and she will even sign new agreements on this issue.

Despite the competition in the region among regional states like Russia, Iran and Turkey, cooperation on regional level becomes possible with regional organizations like SCO, creating a more cooperative environment for each regional state and boosting economic developments and security. The multipolar foreign policy of regional states turn the security concept focus usually on economic gains achieved via stability and economic cooperation.

Despite the fact that Russia will feel threatened with a nuclear Iran, which use nuclear technology in building nuclear weapons instead of purely civil electricity purposes, she continues to support and protect Iran. In addition to all the reasons that previous chapters include, Russia also is not in need of a continuous confrontation between the U.S. and Iran. As Russia has been trying to balance her relations both with Iran and the U.S., and at least normalized and stabilized relations among these two important states may be more beneficial for Russia both on her trade relations thus economic gains, and on regional issues like security and stability, which can also once again lead to economic gains in the long run.

As Russia approaches Iran as a cooperative state, and believes that Russia and Iran can have mutual benefits in cooperation with each other at least at the very moment, good-neighbourly relations between them becomes dreadfully important to enable stability in the region and national security at domestic levels for both states. As one of the senior Russian Foreign Ministry officials claimed in October 2004, Iran was the only state in the Middle East, which had the capacity and means to develop more her economic, scientific, technological and military potential in the coming years that would make Iran “doomed” to become one of the most important states in the region and a major actor in a region from Middle East to the Caucasus to Central Asia.¹⁶⁴ Still, it may be false to think that the cooperation and tactical alliance

¹⁶⁴ Vladimir O. Orlov and Alexander Vinnikov. “The Great Guessing Game: Russia and the Iranian Nuclear Issue,” *The Washington Quarterly*, Spring 2005, 56.

between Russia and Iran can last forever. In fact, the life time of the collaboration may only last until the moment interests of both states clash drastically. While this clash of interests can be economical interests, security reasons and survival of the state principal can also be an important catalyst to end this pragmatic alliance.

To sum up, economic and political gains determine the level of relations between Russia and Iran on security oriented relations. While economic gains' effect is obvious, political reasons also emerge from the level of relations between Russia and the U.S. What is clear about the relations between Russia and Iran is that Russia is the determining party on the level of bilateral relations, and that is the reason why Russian gains are much more important compared to Iranian gains in this "strategic cooperation."

CHAPTER 5

THE REGIONAL DIMENSION

5.1 Introduction

For years, Central Asia has had to cooperate and depend on Russians. But after the collapse of The Soviet Union, Central Asia, as a region, faces brand new opportunities for development, trade and political connections. As neighbours to the region, the rivalry between Russia, Iran and Turkey maintain balance diplomacy and more profitable revenues for the newly independent Central Asian states. Especially after 2000, China becomes another important actor in Central Asia for distribution of goods and raw materials including hydrocarbons. In terms of politics and private capital flow, the US also becomes important with her private oil companies drilling in the region. Concerning the rivalry between Iran and Russia, it is not a surprise that both states have different advantages and disadvantages. Despite being landlocked, the Central Asian states use the “alternative” routes well, and as a result it is mostly those states that determine the level of relations between Russia and Iran on many subjects like hydrocarbons and stabilizing the political environment in the region.

Just after the dissolution of the Soviet Union, the Central Asian states only had Iran and Turkey as financial supports at the very beginning. Russia was not even in a condition to help them and there were also discussions going on within the politicians and policy makers about to where Russia should first establish connections: West or Eurasia. Finally, Iran and Turkey used this chance to extend their influence in the region. Unlike Cold War era, Western states no longer see helping these states in Central Asia as a priority as the enemy is dissolved after all. However, Central Asia has rich mineral and energy resources, which will help them to develop their economies once they increase their sector specific developments to

a certain level at least. Therefore, the Central Asian states join regional organizations like Economic Cooperation Organization (ECO) and have a chance to become more optimistic about the future of their countries as independent ones.¹⁶⁵

This chapter will try to analyse the level of relations between Russia and Iran in relation to regional states in both Central Asia and the Caucasus. Despite Iran's desire to establish strong connections to these states, Russian pressure and existence in the region makes Iran to rearrange her approach to the region. This chapter will also try to show the affects of Russia's policies and interests in the region on bilateral relations of Iran and regional states.

5.2 The Role of Regional Dimension in Russian Foreign Policy towards Iran

Russia re-started to develop relations with the region after 1992. From that point on, Russia has been developing new policies regarding the region. According to Hadjian, the 1993 Russian security doctrine includes the following points for the Transcaucasus: Russia must behave as the main intermediary between the region and the outside world as during the Soviet era; no other country should be allowed to establish a hegemonic position in the region that could challenge Russian influence; this region should not become tool to threaten Russia or serve to isolate Russia from the rest of the world by different policies or implementations; and a Russian-oriented political leadership and policies must be encouraged and supported in the Transcaucasian republics.¹⁶⁶

In order to understand Russia's current behaviours towards the region and Iran, we need to know the emergence of Russia's current policies. After the collapse of

¹⁶⁵ Oktay Tanrısever. "Russia and the Independent Turkic States: Discovering the Meaning of Independence," *The Great Game Website*, 16 November 2001, http://greatgame.no.sapo.pt/acopiniao/russia_and_the_independent_turkic_states.htm (Accessed on 10 July 2008).

¹⁶⁶ Avedis Bedros Hadjian. "Azerbaijan's Energy Policy and Its Implications for Russian Security; A.B.Hadjian," in Bülent Gökay (ed). *The Politics of the Caspian Oil* (New York: Palgrave Macmillan, 2001) 121.

Soviet Union, Russia was in a dilemma and two main groups emerged in terms of foreign policy: Atlanticists and Eurasianists. According to the Atlanticists, Russia had to cooperate with and integrate into Western organizations. Russia should stop involving with former Soviet republics, and instead, should focus on Western countries. The Eurasianists was completely the opposite of the Atlanticists. They suggested that Russia should continue its relations with the former Soviet republics and seek its gains in the Caucasus and Central Asia. This wing argued that focusing on Eurasia was a priority in order not only to pursue Russian interests, but also because Russia had a responsibility towards these states, Russia should involve with these countries. Considering the current Russian policies, Russia definitely chooses the Eurasianists approach and develops new policies to deal with the region. Perhaps because of the imperial history and legacy of Russia in the region, Russia continues to follow a near abroad policy towards the region, which also effects her relations with Iran. According to Russian near abroad policy, Russia's first aim should be "to play the central if not sole role in mediating the resolution of armed conflicts on the territory of the Near Abroad" as a result of strategic and political reasons like creating security and stability in her southern frontier.¹⁶⁷ Moreover, hydrocarbon reserves and oil and gas pipelines also exists there. Stability and security is vital in the region.

Because of all those years under Russian rule, Central Asian and Caucasian countries are sceptical to any Russian help and involvement. Still, unlike the US or Turkey, Russia has a great experience in the region. Not only she knows how to deal with the Central Asian states, those countries experienced a period of Russianization and this enables Russia important contacts in the region. Moreover, Russia's economic relations and ties with the region make it easier to reach and influence those countries. For example, most of the pipelines are remains of Soviet era and makes Russia the only transit route of hydrocarbons. It is only recently that the Caucasian and the Central Asian states started to build new routes other than Russia for hydrocarbon trade like Turkey, Iran and China.

¹⁶⁷ Jim MacDougall. "Russian Policy in the Transcaucasian "Near Abroad": The Case of Azerbaijan," *Demokratizatsiya*, Vol. 5, No. 1, Winter 1997, 90.

Without the Caucasus and Central Asia, Russia may be banished from economic and political interests related to the region, which Russia is a part of. As Russia's main trading commodities are hydrocarbons and other natural minerals, Russia in a way needs Central Asian and Caucasian hydrocarbons as a source of hydrocarbons in order to collect all the transit revenues on economic and political terms.¹⁶⁸ Russia is one of the main oil exporter and the biggest gas exporter country in the world. She has vast amount of hydrocarbons within her territory. Despite her existing trade partners, Russia seeks to have new export routes like the Blue Stream pipeline for sending natural gas to Turkey. This brings Russia face to face with Iran as Iran also wants to be the one, who wants to collect all the transit revenues. However, despite the rivalry, Russia and Iran also start to cooperate on certain projects on oil and natural gas transfers. Russia especially starts to act in cooperation with Iran on natural gas and Central Asia's landlocked situation also becomes beneficial for Iran.¹⁶⁹

Strategically, Caspian region is very important for Russia. Although Russia does not have important oil and gas reserves in the Caspian Sea compared to Siberian reserves, the region's strategic importance forces Russia to not leave the region alone. Moreover, states like Turkey, Iran, the U.S., supranational compositions like EU and multinational companies, which want to benefit from energy resources in the region also give importance to the region.¹⁷⁰ As a result, Russia makes cooperation with Iran in order to counter-balance other littoral states, like

¹⁶⁸ Although Russia did not have the capacity to influence or counter-balance OPEC all alone, natural gas was her main commodity to influence world market. As a result, Russia wanted to control Central Asia and Caucasus as oil and gas were also discovered in the region with large amounts and could be a part of counter balancing project for the EU. Having alternatives on hydrocarbon trade would decrease the political power of Russia as she sometimes used her resources in order to achieve some of her political goals. It should be kept in mind that hydrocarbons were not only sources for energy, but also means for political games. As it was stated previously, Central Asia was a landlocked region and Russia alone was a powerful state, producing oil and gas, exporting these resources to Europe and other regions in the world, which would allow for using oil and gas according to his political aims if she had the transit routes on her land.

¹⁶⁹ The swap agreements with Turkmenistan let Iran to have political power in the region even as a small effort to slip away from the isolationism the US made her.

¹⁷⁰ Erel Tellal. "Güney Kafkasya Devletlerinin Dış Politikaları," Vol. 24, No. 225 November - December 2001, 86.

Azerbaijan. However, Russia's alliance shifts time to time according to her benefits. The Caspian's main importance for Russia is the potential of being the transit country for the Caspian hydrocarbons. Moreover, by developing alliances with Azerbaijan, Turkmenistan and Kazakhstan, Russia can also have a voice when these littoral states engage in contracts with oil companies. Unlike Russia, Iran cannot interact with these states in a hope for a place in possible contracts since the U.S. prevents private oil companies to invest in Iran. Despite having hydrocarbon resources, all those states in the region need transit states to export their resources outside of the region and being a transit state can be important for Russia's political relations with other oil and gas importer states since Russia will be controlling hydrocarbon trade routes if the Central Asian states prefer her over other alternatives. The same is also true for Iran since she can cooperate with the Central Asian states as these states are not dependent on the U.S. In order to achieve what she wanted, Russia tries to influence these countries to establish pipelines through Russia and not through other states, like Turkey or Iran.

Shaping politics according to the interests of Russia on regional states is not a surprise. When regional and extra-regional actors like Iran and Turkey challenged Russia's influence in the Central Asian states during early 2000, Russia naturally wanted to re-establish her influence in these states. These challenges, coming from Turkey, Iran, the US, China, Saudi Arabia, Pakistan and Afghanistan, were mainly political, economic, cultural, religious and linguistic, as well as to some extent military-political. These challenges and the change in balance of influence in the region bring an important potential problem for Russia: destruction of Russia's southern "security buffer," which Russia has used for decades against threats from south like Iran and China. Especially Central Asia is very important against a potential Chinese threat, so when new actors appears in the region, erasing Russia's security buffer zone, Russia has two policy options to overcome this new situation according to Singh Roy:

"First, that Russia, while exerting pressure on the countries of the region should seek to minimise the influence of third countries. As its economy gradually recovers, Russia should be able to resume a hegemonic rule in the region. The second option emphasises the need to ensure Russia's economic interests, and, thus, focusses

[sic] mainly on opportunities for cooperation rather than on challenges.”¹⁷¹

By looking at the cooperation efforts and BTC materializing, Russia clearly chooses to cooperate with the Central Asian states while continuing a “friendly rivalry” with other regional and extra-regional actors. Russia’s choice also becomes clear with most of the former Soviet republics becoming members of regional organizations, which includes also Russia like Commonwealth of Independent States, arranged by Taskent Treaty on various subjects like trade, finance, lawmaking, and security. Moreover, Russia also participates in bilateral cooperation arrangements on security and economics.

Historically, Iran has also been important for the region as a counter-balancing state or being a buffer zone actor like the one during the Cold War in the containment policy of the US. After the revolution, Iran continued to become important, but this time in a religious ideological sense at the beginning. From the moment Islamic Revolution took place, American policies towards Iran changed drastically. According to Chatham House, Iran is “one of the most significant and powerful states in the region” who has been the “traditional master of soft power” and “Iran, without appearing to have actively coveted the position of regional superpower, had filled the leadership vacuum in the Middle East in the aftermath of the fall of Saddam Hussein and the Taliban.”¹⁷² Imagining Iran as a “master of soft power” is not difficult especially after her works on achieving nuclear power, as a weapon or not, and continuing her practices despite the U.S.’ harsh objections until today. Her ability to use soft power is developed mostly because of the centuries long conflicts between Iran and her neighbours. From Russian Empire to Ottoman Empire, Iran always had to involve in conflicts if not wars. Even when there was no hot war, like

¹⁷¹ Meena Singh Roy. “Russia and Central Asia: Problems and Prospects,” *Strategic Analysis: A Monthly Journal of the IDSA*, Vol. 25, No. 3, June 2001, 457.

¹⁷² “Q&A: Iran and the Middle East,” *Channel 4 News Website*, 23 August 2006, http://www.channel4.com/news/articles/politics/international_politics/qa%20iran%20and%20the%20middle%20east/168200 (Accessed on 20 December 2008).

during the Cold War period, Iran was pressured by the Western powers against the Soviet Union like the other neighbours of the Soviet Union.

After the Islamic Revolution, Iran starts to follow a more active policy in international arena, but she also increases domestic priorities. With the Iran – Iraq war, which lasted for eight years, Iran had to focus on domestic needs in order to be a powerful state in the international arena once again. Apart from the collapse of Iranian economy, her security problems after the dissolution of the Soviet Union also increased. This is mostly because of the independent Azerbaijan, which poses a threat for the Azeri population of Northern Iran. Iranian security concerns have never been decreased because of a possible Azeri revolt, however with a war destroying economy, the threat increases more than ever. Azerbaijan is one of the common policy concerns for both Russia and Iran. Both states mostly support Armenia against Azerbaijan both on Nagorno – Karabakh problem and on other security and political issues. Apart from Azeri revolt possibilities, Iran also stays guarded against a possible spill over effect of involvements with the conflicts in Middle East, particularly Arab countries.

As an addition to Central Asia, countries like Afghanistan, Pakistan, China and India also become a common point for Russian – Iranian relations. After the end of Taliban regime in Afghanistan, Russia makes important attempts to develop better relations with. Moreover, American and generally Western interest in Afghanistan makes Iran nervous and pushes to seek for alternative alliances like Pakistan. Although Iran and Pakistan's policies on Afghanistan are completely different during Taliban rule, post-Taliban period brought two countries together in order to cooperate against a more Russian and Western influenced Afghanistan and on other regional issues. 2001 becomes a year, which creates a ground for negotiations and relationship developing year for both states. During the visit of Iranian officials in Islamabad, Iranian side states two points regarding Afghanistan: "Tehran does not approve of the presence of foreign troops in Afghanistan and will continue to

oppose the reinstatement of exiled former king Mohammed Zahir Shah.”¹⁷³ Apart from the politics, Iran is also interested in purchasing Pakistan’s medium range Shaheen missiles in 2001. However, Pakistan’s new alliance with the US restricts Iran’s desire to purchasing these missiles, which leaves Iran once again dependent on Russia for arms sales.

India is also another state, which is related to the Central Asian states directly regarding her security policies. Including Afghanistan, the Central Asian states’ stabile and peaceful political and economical state is utmost crucial for Europe, the US, China, Russia and Iran, as well as India. Leaving pipeline politics aside, political and military programs towards the region push India to be very careful and make her focus for her security and well-being.¹⁷⁴ Involvements of so many actors in a region, where states have been trying to develop their economy, as well as independence, bring struggles and rivalries for power politics in Central Asia and the Caucasus. On security issues, a possible radical Islam and terrorism scare regional actors like India, just like it scares extra-regional actors. However, taking Tajikistan case into consideration, it is unlikely that regions’ extremists will get help from Iran, which falls into disrepute. As a result of this, Iran, just like Russia and India, will help the regional states on fighting against radical Islam and terrorism threats. However, drug and arms traffic in Central Asia is a difficult case compared to radicalism threat. As Iran herself also struggles the same issues, how can she help the Central Asian states is doubtful. Still, these threats brings many states, mostly main producers and consumers of hydrocarbons, together in order to at least attempt to find a solution to these problems. Since Putin’s presidency, Russia has been working on fighting against drug traffic and others threats

¹⁷³ Akhtar Jamal. “Pakistan, Iran ready for new strategic cooperation,” *EurasiaNet Eurasia Insight*, 7 December 2001, <http://www.eurasianet.org/departments/insight/articles/eav120701a.shtml> (Accessed on 7 March 2008).

¹⁷⁴ NATO’s interest towards the Caucasus and Central Asia and attempts for Partnership for Peace (PFP) programme bring European states right in the middle of politics of the region, while China’s billion dollars investments into oilfield projects make China become important both for economics and pipeline politics.

mentioned. Region's will to fight certain threats helps to create cooperation possibilities among regional states, both for short or long term.

India's concern for the region also exists because of an energy demand from Central Asian resources. The most important problem for India on hydrocarbon transportation is the cost. If there is a stable region with no security issues, then oil and natural gas transportations over Afghanistan and Pakistan will be the most logical solution for India. However, considering the Taliban regime and post-Taliban regime's instability and security problems only enable sea freight transportation or pipelines from China. Unfortunately this is very costly and pushes India to cooperate with regional and extra-regional states in order to work on stability in the region. Even from the beginning of 2000s, India has been thinking over swap agreements with Turkmenistan and Iran in order to access oil and gas. Since Russia also wants to get involved in any hydrocarbon driven agreement and project, regional states' agreements with neighbour states also keep Russia interested in these projects like the one between India and Iran.

India's possible cooperation with Iran is based on swap agreements and new gas pipeline routes. Afghanistan's situation brings a possible route of Iran – Pakistan – India (IPI) instead of a Turkmenistan – Afghanistan – Pakistan – India (TAPI). If the controversial, \$7.4 billion¹⁷⁵ IPI pipeline is materialized, then Turkmenistan can send her gas to northern Iran, where gas fields are scarce and Iran can send equal – in terms of cost- amount of gas to India. This option can also bring Kazakhstan to make swap agreements with Iran, where she can also send her gas to northern Iran via Caspian Sea ports and India can collect from Persian Gulf ports or again via IPI. Considering the big amount of demand from India on energy resources, even Azerbaijan and Russia can engage in swap agreements or direct pipeline transportation to India in the future. India's technical high-level in drilling and exploration of hydrocarbons can also enable a cooperation with Iran, like India's

¹⁷⁵ "Iran Energy Data, Statistics and Analysis," *Energy Information Administration: Official Energy Statistics from the U.S. Government*, October 2007, <http://www.eia.doe.gov/emeu/cabs/Iran/NaturalGas.html> (Accessed on 01 January 2009).

current cooperation in gigantic Sakhalin-I fields in Sakhalin Island with Russia. In the end, India's own security and well-being relies on security and stability of Central Asia, as well as neighbouring regions and states like Iran and Afghanistan. As a result, India is very likely to continue cooperation with both Russia and Iran despite American protests.

Cooperation in Central Asia is also organized on the surface with Economic Cooperation Organization (ECO). ECO is the successor of Regional Cooperation for Development (RCD) and it is composed of Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan and Uzbekistan. The main aim of ECO is to create a unity like European Union for a common market for goods and services. However, attempts for a unity become impossible because of a few reasons like none of the founding members –Turkey, Iran and Pakistan- are promoting a unification as all of them had their own agenda on another issue, regional rivalries prevents cooperation on a step forward, founding members do not trust each other on many issues like Iran's nuclear plans and finally the ECO members' markets and economies are too similar to each other and creating a single market will not bring further gains.¹⁷⁶ Moreover, not having Russia, one of the strongest state in the region, as a member will always be an obstacle as ECO will be one important and powerful member short. However, in the recent years, Russia has been supporting for a Caspian Economic Cooperation Organization for the littoral states in order to increase cooperation on energy, transportation and trade in the region. This cooperation, if it ever becomes materialized, will increase all littoral states' political and economic influence in the region vis-à-vis Western actors, which becomes a nightmare especially for Russia and Iran.

¹⁷⁶ Shiping Tang. "Economic Integration in Central Asia: The Russian and Chinese Relationship," *Asian Survey*, Vol. 40, No. 2, March – April 2000, 369.

5.3 Russian – Iranian Conflict and Cooperation in Central Asia

The reality of political interests' surpassing the official ideology of the state should not be skipped when focusing Iranian foreign policy. In the international arena, although the neighbours of Iran are mostly Muslim states for centuries, Iran has been very reluctant to try to export her regime after the Islamic Revolution in 1979. Instead, Iran has supported their secular regimes in order to develop better trade access and not to involve in conflict with the U.S., even indirectly. Another reason why Iran does not aim to export her regime to Russia and other regional states is to find states, which can help Iran to get over the "international isolation." As many countries, especially American allies, tries to avoid Iran on any occasion, having states cooperating Iran on any topic, whether it is trade or cultural exchanges, is beneficial for Iran. Iran's tactical approach becomes an important benefit when it comes to her relations with Russia.

When the Islamic Revolution first took place in Iran, Khomeini was not afraid of doing propaganda of Shiite sect or Islamism. There was also no clear state policy except fighting against communists or the US, which meant that "Islamic propaganda" was a "result of factors such as religious persecution, economic opportunities, and the random exploitation of political opportunities," and not "the result of state policy."¹⁷⁷ Starting from Khomeini until Ahmedinejad, interests and reasons of state usually have overcome ideological crusade, which can bring Iran nothing in reality, except more hostility from international community and regional states. For Iran, "with few exceptions, whenever ideological convictions have clashed with the interests of the state—as prescribed by the clerical ruling elite—state interests ultimately have superseded revolutionary dogma in both foreign relations and domestic politics."¹⁷⁸ This choice of state is most clear in Khatemi's presidency. As a result of Iran's need of pragmatism in her foreign policy and

¹⁷⁷ Roger Savory cited in David Menashri. "Iran's Regional Policy: Between Radicalism and Pragmatism," *Journal of International Affairs*, Vol. 60, No. 2, Spring/Summer 2007, 154.

¹⁷⁸ David Menashri. "Iran's Regional Policy: Between Radicalism and Pragmatism," *Journal of International Affairs*, Vol. 60, No. 2, Spring/Summer 2007, 155.

relations, Iran has to cooperate with states that would be not her area of interest if economic gains were not that important. Iran also has to stand aside and does not do anything except watching in situations, where normally, ideologically she has to intervene such as Chechnya and Tajikistan civil war problems. Despite sect differences with these Muslim nations and groups, Iran's pragmatism is certainly not affected by sects. The best example to the meaning of sects in Iran's foreign policy is when Azerbaijan –the only Shiite republic in the region other than Iran– went into warlike relations with Armenia, Iran showed her position by backing Armenia, like Russia, and creating her own problems with Azerbaijan in the Caspian region.

One of the most important ideological decisions of Iran has been the Israel case. Although Iranian leaders mostly tries to have peaceful relationships with international community in order to pursue economic gains and allies against the US, Iran clearly has been showing open and strong hostility towards Israel. Moreover, Iran declares herself as the major enemy of Israel and even refuses the existence of Holocaust. For Iran, rejecting Israel's legitimacy is on the same line with rejecting every other thing related to the Shah period. Rejection of Israel's right to exist became a part of Islamic ideology of state. In reality, Iran becomes more Palestinian than Palestinians and that puts Iran against Israel and creates one of the most important hostilities in the international relations history. After Ahmedinejad became president, this hostility even grew more with Iran's nuclear program drawing so much attention to a possible nuclear armament. In fact, Ahmedinejad uses each time he has an opportunity to show his disgust on Israel. According to him, a world without America and Zionism can be a plausible achievement and Holocaust is a "legend" instead of genocide and if Europeans were really honest, they would have given their own territory for an Israeli state.¹⁷⁹

Russia is one of the few countries that Iran has relations with for centuries over the Caspian region. After the Islamic Revolution, Iran has been suffering from the US

¹⁷⁹ David Menashri. "Iran's Regional Policy: Between Radicalism and Pragmatism," *Journal of International Affairs*, Vol. 60, No. 2, Spring/Summer 2007, 158.

embargo also in technological sense. In order to compensate this backwardness, Iran has to develop good relations with Russia despite the historical rivalry as Russia seems to be the only possible resource for technology at that moment. Iranian – Russian cooperation becomes clear especially on military equipment terms within years. Not only trade on military arms, but also on technology development, Iran and Russia show a strong cooperation among them. Russia has been supporting Iranian nuclear program since the program first emerged. Unlike Yeltsin, Putin does not hesitate to help Iran to build nuclear power. Despite occasional agreement to United Nations’ non-military sanctions, Putin never does anything to stop Iranian nuclear energy building clearly.¹⁸⁰ Although it is not as vital as Russian help, Iran also helps Russia in terms of regional acceptance and protection in international organizations like Organization of the Islamic Conference (OIC), just like Russia protects Iran in UNSC. Iran’s non-involvement with Chechen rebels, not having any contact with them and blocking anti-Russia resolutions in OIC during 1997 – 2000, when Iran was the rotating president of the organization creates a healthy base for cooperation. Moreover, Iran is one of the first states that supported Putin’s initiative on developing better cooperation with the OIC. Russia’s observer status in the organization since 2005 takes also great help from Iran. Apparently, this cooperation of two countries bothered the U.S. interests as America thought that this may decrease the power of the U.S. holds in the Middle East and Asia.¹⁸¹

¹⁸⁰ Iran has also started to cooperate with China recently and although Iran has not become a member yet, she holds the observer position in SCO.

¹⁸¹ At that point, Turkey becomes strategically important as the U.S. thinks Turkey as an alternative for what Iran is capable of: being an energy corridor, and put Iran out of action as well as limiting Russia up to a point. The U.S. gives all her support for Turkey’s position in the region and to increase her power there as Turkey is the safest and easiest country to control in the region compared to Russia and Iran. Moreover, Turkey’s gas imports are also from Iran and this can manage a flow of gas from Iran through other countries with minimum Iranian involvement. Turkey is more than willing to become an energy corridor between Europe and Russia, the Caspian, Iran and the Middle East. It is important to see that geographically and economically, a route from Iran is more logical as the route from the Caspian Sea to the Persian Gulf is shorter. But, because of political concerns and ideologies, it is not likely that the U.S. would accept a pipeline system from the Caspian Sea to Persian Gulf fully operated with hydrocarbons of Central Asia and the Caspian Sea. For example the Iran – Libya Sanctions Act, effective since 1996, prevents countries to invest in Iran. As a result, the U.S. and the Western allies prefer a Turkey-based solution to this strategic problem, which Russia accepted in the end. In fact, Baku – Tbilisi – Ceyhan pipeline (BTC) is seen as a very good

Eventually, the Caspian and the Central Asian states could develop their energy resources and started to export hydrocarbons. While exporting, we should note that Central Asia is a landlocked region which needs at least one country to access world markets not only for hydrocarbons but also for other goods and raw materials. While Russia is the best choice at that time due to already established system, it soon becomes clear that giving Russia the monopoly of hydrocarbon transportation will create a dangerous neighbour both for them and for the rest of the world. That is why Central Asia needs more routes. Iran is another option for transportation, actually a very good one as Persian Gulf can be a very good solution for the transportation of the Central Asian hydrocarbons, but America's embargo on Iran makes it difficult to sign agreements with Iran without making the U.S. offended. Still, both Kazakhstan and Turkmenistan sign swap agreements for using Iran as a transportation route. After including Kazakh and Turkmen pipelines, Central Asia will have a very powerful alternative for Russia to access world markets. In fact both Russia and Iran, as rivals on the region's hydrocarbon transports, has to compete and struggle against actors that are not from region instead of themselves.

Kazakh leader Nazarbayev clearly states that Kazakhstan should be in close relations with Iran, Russia and China.¹⁸² While creating relations with other countries, the Central Asian states have to follow a balance policy against Russia to follow a multipolar policy line. These countries can not give up Russia as Russia has always been very important for them to balance the influence of foreign countries.¹⁸³ As a result, they can not improve their relations with Iran or China without also improving their relations with Russia. Improving relations with China is profitable for the Central Asian republics; however, it is the opposite for both

opportunity for Central Asia and has already started to be operated. For further reading, full text of the Iran – Libya Sanctions Act of 1996 can be found in Federation of American Scientists website http://www.fas.org/irp/congress/1996_cr/h960618b.htm.

¹⁸² Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998), 99.

¹⁸³ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998), 104.

Iran and Russia as these two countries want to be more effective in Chinese oil and gas market. While Iran can be the low-cost destination of hydrocarbon imports for China, Russia can provide much cheaper oil and gas than Kazakhstan or Turkmenistan,¹⁸⁴ and these options are not in accordance with Russia or Iran's interest right then as both Kazakhstan and Turkmenistan sign various treaties with China for oil and gas supply.

As a result of the Ukrainian conflict with Russia, the EU and the rest of the world which imports hydrocarbons from Russia are very sceptical and afraid of depending on Russia.¹⁸⁵ In order to prevent mistrust, Russia starts to rearrange its policies; but the EU and other consumer states start to seek for alternative hydrocarbon sources. Finally, Russia's massive potential negative policies result in the creation of new pipelines through states other than Russia. BTC is one of these alternative routes. Despite the costly nature of BTC, strategically and politically it gives a relief to oil and gas importer countries. Moreover, creating new pipelines also creates support from importer countries for new transit states and this increases political power of those states within region. While natural gas becomes the focus point for Russia on European imports, crude oil becomes the focus of Iran on European imports since European states already import large amount of crude oil from Iran despite the U.S. sanctions. This import ranges let Russia and Iran to have a non-rivalry for European imports, which would have resulted in lack of Russian support for Iran if both states became rivals in a large market like Europe. Therefore, Iran prefers to expand her natural gas exports and pipelines to Asian states like Pakistan and India.

Apart from the demands of other countries, Russia's domestic need for gas also increases day by day. Despite the fact that Russia is the main gas exporter country in the world, the cost of production of gas within Russian territories gets more

¹⁸⁴ Sergei Vinogradov and Philip Adreus-Speed. "China's Involvement in Central Asian Petroleum: Convergent or Divergent Interests?" *Asian Survey*, Vol. 40, No.2, March – April 2000, 395.

¹⁸⁵ Due to a conflict situation over gas prices between Russian state owned gas company Gazprom and Ukraine, Russia cut the gas export to Ukraine on January 1, 2006. After reaching an agreement, Gazprom restarted the gas export to Ukraine on January 4, 2006. This cut on gas exports started discussions on Gazprom and Russia being dangerous for potential disputes between the EU and Russia. This pushed the necessity to find new gas importers.

expensive as old reserves run out of gas and new fields has to be opened.¹⁸⁶ In order to fulfil the domestic need for gas with Russia's developing industries, Caspian gas becomes crucial. In order to enable this flow, Russia signs agreements with Turkmenistan and Kazakhstan, leaving a frustrated Iran alone on Caspian issue.

Since mid-1990s, Iran has started to come into the stage for partnership on many subjects with the Central Asian states. For example, Iran signed two energy agreements, which immediately increased the role of Iran for Central Asia's development and energy industries.¹⁸⁷ Despite being relatively low in terms of amount for international oil and gas import and swap agreements in the world, Kazakhstan and Turkmenistan's energy agreements are both for economic reasons and a precaution to a possible Russian coercion. These states simply do not want to depend on only one state. As Peimani says, "While not violating the letter of Clinton administration's economic sanction on Iran banning large foreign investments in the Iranian energy industry, this deal certainly violates its spirit."¹⁸⁸

Despite the embargo of the United States, Iran has the capacity to become the choice of hydrocarbon routes from Central Asia to the rest of the world for some of the Central Asian states. After 1994, Iran signed a lot of economic agreements with the Central Asian states. In August 1994, Iran signed an agreement with the Central Asian states enabling the export-import through Iran for sea freight and transit cargos to and from Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan.¹⁸⁹ With Kyrgyzstan carrying the lead to develop close ties with Iran, the Central Asian states realized that Iran is a necessary partner for them just like Russia.¹⁹⁰ Iran's main advantage for being the top choice for hydrocarbon routes is the geographical

¹⁸⁶ *World Energy Outlook 2004* (International Energy Agency: Paris, 2004), 312.

¹⁸⁷ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998), ix.

¹⁸⁸ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998), x.

¹⁸⁹ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998), 109.

¹⁹⁰ Hooman Peimani. *Regional Security and the Future of Central Asia* (Westport: Praeger, 1998), 107.

proximity to the Persian Gulf and Anatolia. But of course proximity is not everything as Russia is still the main export route for hydrocarbons of Central Asia. For example Kazakhstan uses Russia as her main export route to the West. Even BTC does not change the value and as Iran cooperates with Russia, Nabucco pipeline project is also planned to transfer Iranian and the Caspian oil and gas to Europe, which also is in interest of Russia as she will not be restricted to Ukraine on hydrocarbon distribution.¹⁹¹

In order to have more power in the region and to counter-balance the U.S., Russia and China established a new organization called “Shanghai Cooperation Organization (SCO)” in 1996. SCO was first composed of Kazakhstan, Kyrgyzstan, Tajikistan, China and Russia and later in 2001 Uzbekistan also joined and India, Pakistan, Mongolia and Iran have become observers. SCO’s main function is increasing dialogue within the region on various issues like security and trade. For Russia, SCO is a way to crack the US involvement and to have an eye on China; and for the U.S., SCO has the potential to influence the U.S. interest in the region negatively in the future although it does not have an important impact right now. Ironically, right now, SCO serves for the U.S. interests as SCO deals with terrorism, separatism and democracy. One of the most important points for SCO, it brings Russia and Iran on a common regional organization platform to engage in policies that might benefit both of them or put them in a rivalry. As a result, the future of SCO may have important impacts for Russian – Iranian relations.

Not only Iran, but also Russia face complications and find themselves at the parting of the ways. Russia’s relations with both Israel and the U.S. develop in a good way after Yeltsin came to power in Russian Federation. However, trying to improve economic conditions of the country pushed Yeltsin into cooperating with Iran on arms, ammunition and nuclear reactor equipment. As a result, Russian foreign policy toward Middle East drastically changed as Russia started to sell nuclear

¹⁹¹ Jeronim Perovic and Robert Orttung. “Russia’s Energy Policy: Should Europe Worry?” *Russian Analytical Digest*, No. 18, 3 April 2007, <http://se1.isn.ch/serviceengine/FileContent?serviceID=PublishingHouse&fileid=3BD26965-750E-6427-C2D9-EF15A3D54DF4&lng=en> (Accessed on 16 March 2008).

equipment to Iran. Moreover, what really alerted Israel and the U.S. was the head of Russian Atomic Energy Ministry Viktor Mikhaylov's desire to increase the amount of the sold equipment, including a gas centrifuge system, which had the ability to produce nuclear weapons, to Iran.¹⁹² Russia's act of independence clearly disturbs both Israel and the US, major foes of Iran, and complicates Russian foreign policy towards Middle East more. Considering Israel's two important desires –establishing trade relations and at least an even Russia in the Middle East, especially on Syria case- regarding Russia, Israel is certainly unhappy with Russian – Iranian cooperation.

Especially when Putin comes to power in Russia, this policy continues as Russia keeps cooperating and dealing with Iran more and more each year. Helping Iran to build a nuclear facility in Bushehr is another point where Russia prefers economic gains more than political issues. A nuclear facility in Iran is the last thing both Israel and the U.S. want in the Middle East, but for Putin, it is just another economic gain for Russia. These gains are the real motives behind Russia's cooperation with Iran, not dependency. Despite some minor sanctions and ultimatums, Putin does not back from helping Iran to develop nuclear power. Even openly opposing the U.S. or making UN decisions null, Russia literally protects Iran in order to counter balance regional and extra-regional actors in the Middle East and near abroad. Still, Russia's support for Iran is hardly stable in case of a war on Iran by either Israel or the U.S.

While Iran has been trying to establish good and strong relations with the Central Asian states, some authors argue that establishing relationships with these states are not in the hands of Iran, but Russia is the responsible one for current and future possible relations with regional states and their relations with other states.¹⁹³ This argument indicates that as a result of Iran's close relations with Russia, depending

¹⁹² Robert O. Freedman. "Russia and Israel under Yeltsin," *Israel Studies*, Vol. 3, No. 1, Spring 1998, 147.

¹⁹³ Ertan Efeğil and Leonard A. Stone. "Iran's Interests in Central Asia: A Contemporary Assessment," *Central Asian Survey*, Vol. 20, No. 3, 2001, 358.

on Russia's success or failure in establishing very strong binds with the Central Asian states in the future, Iran's closeness to Russia might prevent or create obstacles regarding creating binds between Iran and the Central Asian states. Moreover, Russia may be an ally for Iran right now depending on the point of view, but we should note that if Iran acted against Russia's interests like being a transport country for Central Asian hydrocarbons, Russia would not tolerate this and show a new, ugly face to Iran. This is quite true as Russia has been trying to be the first choice for these states, however, these states do their best to avoid Russia and shift closer to the Western states and other actors.

5.4 Russian – Iranian Conflict and Cooperation in Caucasus

Caucasian states have usually been a common point where Russia and Iran have same policies or at least point of views. Despite Russia's power in the region, Iran's position towards the Caspian Sea is highly related to her relations with Azerbaijan. In order to understand Iran's stand on Caspian issue, not only Iran's relations with Russia, but also Iran's relations with Azerbaijan should be understood clearly. Iran has a large Azeri population in Northern Iran and this population keeps Iran on her toes with a fear of an uprising. When the first military action occurred in the Caspian Sea on July 23, 2001 between Azerbaijan and Iran, this also became a first for other issues like Turkey's involvement in the bilateral relations between these two countries.¹⁹⁴ This military action is also important as the first military "show" occurred in the Caspian Sea during Putin's visit in Azerbaijan. Putin's appearance might also triggered Iran's harsh acts, as Russia came to an understanding with Azerbaijan instead of Iran. What Iran does actually both showed Iran's distrust in Azerbaijan and her fear of politically and economically being left out in the region especially after Russia signed cooperation agreements with littoral states of the Caspian Sea. Despite the soft power of Iran, which is mentioned previously, why Iran involved in a military act have more than one faces. While not wanting to let

¹⁹⁴ Mohammad-Reza Djalili "Iran and the Caucasus: Maintaining Some Pragmatism" in *Connections Quarterly Journal*, Vol. 1, No. 2, July 2002, 50.

go of the rich parts of the Caspian Sea crates one face, political and ideological differences create the other face.

As explained previously, the Caspian Sea issue's political and ideological motives become the focus of explaining military act of Iran towards Azerbaijan.¹⁹⁵ As Djalili says,

“Like Iran, Azerbaijan is a country with a majority Shiite population. But the Azeri state is a secular one, whereas Iran has been, since February 1979, an Islamic Republic. In the international arena, Baku has sought closer ties with the West and a rapprochement with NATO. It has just entered the Council of Europe, is developing its relations with the United States, maintains a good relationship with Israel, and considers itself very close to Turkey. Iran, as far as Azerbaijan is concerned, is hindered in its vision of the world by the stumbling block of its anti-American stance. It criticizes “the Great Satan’s arrogance,” conducts an anti-Israel policy in the Middle East, supports Palestinian demands, collaborates closely with Russia in Transcaucasia, and has had, since the middle of the 90s, “difficult” relations with Turkey.”¹⁹⁶

Unlike Azerbaijan, Iran has good relations with Armenia. That is not surprising in simple theory since Azerbaijan and Armenia are rivals and Iran has trust issues with Azerbaijan. Looking at the history, Iran and Armenia had relations even in the pre-Islamic era and there were hundred thousands of Armenians living in Iran, urbanized long before any community, but this number decreased to around

¹⁹⁵ The differences between two states become a base at first for the distrust still exists. But still, it will be wrong to claim only ideological and political differences become a reason for the conflict between two countries. In fact, both of these mentioned differences and economic problems create the distrust environment. Apart from these issues, what also determines Iranian – Azerbaijanian relations is the ethnic and cultural formation of the population and the fear of uprising as previously explained. The root of a possible uprising comes from the idea of “Greater Azerbaijan” by Azeri Elite, who believes that there are two Azerbaijanians divided unfairly between Russians and Iranians. This “idea” of course got harsh responses from Iranians. If this theory was followed seriously, this would have meant an important threat to Iran’s territorial integrity. Although not followed by an official channel, the theory itself is enough to keep Iran on her toes. These possibilities and Iran’s responses result in accusations for each other like Azerbaijan supporting a separatist movement in Iran and Iran provoking Islamic groups in Azerbaijan. From a real power perspective, neither state have enough power to provoke each other or use hard power to shape politics in the other state. Still, the insincere atmosphere continues to exist.

¹⁹⁶ Mohammad-Reza Djalili “Iran and the Caucasus: Maintaining Some Pragmatism” in *Connections Quarterly Journal*, Vol. 1, No. 2, July 2002, 51.

150.000 after the Islamic Revolution.¹⁹⁷ Ironically, with the Jewish diaspora, they continue to be one of the most powerful Christian communities in Iran. Of course, historical ties are not the only thing shaping the relations between two countries. Politics is not a simple thread but a complicated rope, composed of hundreds of threads. Iran's relations with Armenia are also shaped with the Azerbaijan's relations, or problems in that sense, with Iran. Nagorno – Karabakh problem between Armenia and Azerbaijan becomes an important tool for Iran to be politically more important in the region by playing the mediator between two countries with Russia's occasional involvement.¹⁹⁸

Armenia's Russian support over the issue also becomes a side affect for the better Russian – Iranian relations indirectly like Iran's hope for support of the Armenian diasporas in Europe and the US by having close ties with Yerevan. Russian support for Armenia and common Caucasian policy also creates a supportive environment for Russian – Iranian relations. All these positive reasons and situations help for peaceful and cooperative relations between Armenia and Iran, although there are important differences between these states both ideologically and politically.¹⁹⁹

Georgian – Iranian relations are different from Iranian – Armenian or Iranian – Azerbaijanian relations since Georgia and Iran does not share any common border. Moreover, there are different reasons why these two states are on good terms and cooperate. One of the reasons is Iran's regional policy and aims of not being trapped in isolation in the region. Georgia is Iran's open door to the Black Sea since she is the only Caucasian state having an open coast to open sea. Iran, which has good relations with Armenia, can easily use this transit route to Georgian ports,

¹⁹⁷ George Bournoutian. "Armenians in Iran (c.a. 1500 – 1994)," *Pars Times*, <http://www.parstimes.com/history/armenians.html> (Accessed on 16 June 2008).

¹⁹⁸ Abdollah Ramezanzadeh, cited in Mohammad-Reza Djalili "Iran and the Caucasus: Maintaining Some Pragmatism" in *Connections Quarterly Journal*, Vol. 1, No. 2, July 2002, 54.

¹⁹⁹ Armenia's relations with Iran also had economic dimension since there was a consumer goods and energy trade going on between two states. Especially for energy, there had been a high demand from Armenia on hydrocarbons and electricity and in November 2001, the two governments signed a draft agreement in order to import Iranian and Turkmen gas through Iranian territory to Armenia, which would lead to effective usage of shared border.

especially Poti, to reach Black Sea in order to have better communication lines and trade routes. Likewise, it is also beneficial for Georgia to cooperate with Iran on economic issues since Georgia is trapped between Russia, Armenia and Azerbaijan.²⁰⁰

The other reason is Georgia's policy of counterbalancing Russian influence in the region by having good relations with Iran.²⁰¹ Especially on the Chechen conflict, Iran preferred to keep silent despite the ideological formation of the Islamic Republic of Iran. Instead of involving in the Chechen conflict, Iran decided that it was not related to Iran nor it was a Muslims versus Christians situation. As a result, Iran maintained good relations with Georgia and kept her distance to Chechen conflict, "sacrificed the interests of *believers* and chose to maintain its good relations with Russia, its main provider of military equipment and nuclear technology."²⁰² Despite the well established connections between Iran and Georgia on trade, politically Georgia stays sceptical about Iran and her tactical partner Russia in the region. The Great Silk Road project, which will connect Iran to Georgia, can only become a plan on paper since Georgia is mainly trying to protect her national interest. Georgia's scepticism over this project is mainly composed of a fear for Iran's possible aim to establish a connection to Russia, which becomes a source Georgia tries to avoid since the dissolution of the Soviet Union in order to stay without a superior and be independent.²⁰³ Moreover, since 2002, American military advisors have been staying in Georgia as Georgia want to join NATO and enhance cooperation with the US on security. Naturally, Americans' presence in

²⁰⁰ Georgia and Iran has 47 bilateral agreements including "Agreement on Trade Cooperation between the Government of Georgia and the Government of the Islamic Republic of Iran" and economic relations seemed to grow each year.

²⁰¹ Mohammad-Reza Djalili "Iran and the Caucasus: Maintaining Some Pragmatism" in *Connections Quarterly Journal*, Vol. 1, No. 2, July 2002, 54.

²⁰² Mohammad-Reza Djalili "Iran and the Caucasus: Maintaining Some Pragmatism" in *Connections Quarterly Journal*, Vol. 1, No. 2, July 2002, 55.

²⁰³ Ruzgar Ter-Oganov. "Georgian – Iranian Relations in the Post Soviet Period," in *Journal of Social and Political Studies*, Vol. 4, No. 28, 2004, http://www.ca-c.org/online/2004/journal_eng/cac-04/12.TeOeng.shtml (Accessed on 25 July 2008).

Georgia keeps Iran on her toes. However, Russian opposition to Georgia's admission to NATO in a way balanced the situation in the Transcaucasia. To sum up, it would be wise to assume that Georgian – Iranian relations will be shaped according to Russian – American relations as Russia will encourage or discourage cooperation between two states according to the possible affects on her interests.

5.5 Conclusion

This chapter analysed the level of relations between Russia and Iran in relation to regional states in both Central Asia and the Caucasus while showing the affects of Russia's policies and interests in the region regarding bilateral relations with Iran.

As a result of Russia's Eurasianists approach in her foreign policy, Central Asia and the Caucasus continues to be important for Russian interests, which results in a determinant factor for Russia's relations with Iran. Despite Russia's protective attitude towards the region and the rivalry between Russia and Iran, cooperation on oil and natural gas transfer projects became possible. What made cooperation possible is Russia's desire to reach further places in Asia like India and Pakistan. Using Iran's proximity to these states, Russia also enabled an open possible route for future oil and natural gas transfers. Being complicated in nature, Iranian presence in the region is highly depended on the US and Russia's political power in the region. If one day the US sanctions are lifted off of Iran, then Iran will have a chance to be a key country for Central Asia and a possible route for economic relations, but until that day, there will be many actors struggling for political power with different advantages and disadvantages with no clear winner except Russia's ongoing advantages.

Apart from hydrocarbons, political, military and socio-cultural challenges occupy an important reasoning with Russia's policies towards Iran. With the disappearance of Russia's southern "security buffer," Russia has to re-arrange her relations in order to create and enable a stable and secure region around her. Moreover, Iran's need of arms and Russia being the only source for these arms makes Iran try to be on the good side of Russia.

To sum up, regional issues like security threats and arms needs with hydrocarbon transfers bring Russia and Iran face to face or together many times either for cooperation or for rivalry. The type of interactions and situations between Russia and Iran depends on Russia's interests of the time. If Iran is somehow in the way of a possible interest of Russia, then rivalry is unavoidable while cooperation is only possible if Russia sees a positive outcome for herself in the end like regional stability and security via regional organizations or bilateral cooperation.

CHAPTER 6

CONCLUSION

This thesis studied the relations between Russia and Iran during Vladimir Putin's presidency in relation with main concept of school of Neorealism: survival of the state. While analysing the level of relations between Russia and Iran, the focus of the research had been the reasons behind their cooperative relations and how this "alliance" evolved as the years passed with certain important issues took place. This thesis also examined the potential conditions to end pragmatic partnership and cooperation.

The second chapter was written in order to create an image of the necessary historical background of Russian – Iranian relations. Historical period included Tsarist, Soviet and Yeltsin era as these periods included certain issues, which resulted in the start of the real relations and interactions as well as development of bilateral relations, warlike or commercial. In order to understand the eight years long period 2000 – 2008, knowledge of previous years was necessary. Tsarist era was an important era in Russian – Iranian relations, especially when we look at the treaties of Golestan and Turkmenchay. These treaties reflected a dreadful period for bilateral relations of Russia and Iran as various wars and skirmishes took place. Moreover, with these treaties, Iran lost a broad area in the Caucasus and the Caspian Sea to Russia. These treaties are also important since they reflect one of the most humiliating periods of Iranian history. The importance of Soviet era on Russian – Iranian relations were mostly important to show two different regimes in Iran: Shah and Islamic regime. Different perspectives, political values and ideologies of two regimes affected Soviet era relations between two states differently. While Shah era reflected an anti-communist, American and Western friendly policies and acts, the period starting with the Islamic Revolution became a complete opposite of its predecessor with anti-American and anti-Western policies. The only constant policy

was anti-communist movements of the new government and politicians. Russian – Iranian relations during Soviet era was on the edge of hostility due to domestic and international policies in both states. While Soviet Union feared of Islam and a possible regime import from Iran, Iran continued her anti-communist perspective and policies, which already started in Shah era.

When Soviet Union dissolved and Yeltsin came to power, Russian – Iranian relations shifted to an unstable period due to Russia's period to decide on her policy. American pressure became also an important factor to shape cooperation options; however, these political points were replaced with economic gains, which eventually pushed Russia to cooperate with Iran on commercial goods and arms. Emergence of various independent states in the Caucasus and Central Asia also created a fertile environment for collaboration. While Russia could use hard currency to re-develop her economy, Iran could take advantage of an ally against the U.S. Moreover, regions' everlasting conflicts and problems became another important reason to enable cooperation between two "old foes." While summarizing the historical developments, it was pointed that Russian – Iranian relations made a long way from being enemies to pragmatic and tactical "partners," which continued and developed in Putin era.

In third chapter, energy and its importance as well as effects on determining foreign policies and cooperation opportunities between Russia and Iran were analysed. Hydrocarbons, which could easily determine a state's policy against a certain state of region, also became important in determining Russian – Iranian relations. Although two states did not share an important pipeline neither for gas nor for oil, their reserves, neighbours' reserves and possible pipeline routes as well as politics over hydrocarbons sometimes brought cooperation and sometimes conflicts. Struggle over new pipeline routes created an important rivalry since acting as a renter state also brought its advantages both economic and politically, especially for two states, which held important amount of oil and gas reserves in their territories. Caspian Sea became an important common point for both states. While hydrocarbon reserves and their transport from this landlocked region became important for both states, politics in domestic arena also became crucial for littoral states like Iran,

which feared and concerned for Azeri society in northern Iran creating a perspective against Azerbaijan. Russia's realization of extra regional actors' importance in the Caspian Sea and oil and gas transportation from the region also determined her level of cooperation and approach towards these littoral states. Both Russia and Iran's own interests sometimes brought two states into different paths, while sometimes these interests created an environment of cooperation with a unity against other parties, other times they created uneasiness between two states, which mostly resulted from Russia's change of foreign policy on the subject.

The third chapter also analysed the importance of hydrocarbons for the level of relations between Russian and Iran on two crucial main subjects: the Caspian Sea and the pipeline routes from Central Asia. As the Caspian Sea became politically important for Russia to engage in a competition with external actors like the U.S. over oil extraction, Iran approached the region and its resources politically to involve with the newly found oil reserves among big-share-holder states like Azerbaijan, Russia and the U.S.. Iran's main purpose was economically claiming important reserves in the south part of the Caspian Sea and compete with Azerbaijan and again politically to use this competition against Azerbaijan to take ethnic issues under control in her territory. With Iran's capacity on both economic and political sphere and Russia's ambitions in the region, these two states could rise as the major powers in the region if a pragmatic cooperation achieved. However, this cooperation could only last until one of the parties engaged in a rush for more power and Russia would unlikely be willing to leave the region to Iran's benefit only.

In fourth chapter, Russia and Iran's reasons to cooperate and bases for this collaboration on security issues, arms sales and nuclear cooperation were analysed. Making Russia a powerful country in the international arena enabled a partnership, which could bring hard currency for Russia by signing arms sale agreements while helping Iran to find a state that was willing to sell high technology arms. The main grounds for the connection between Russia and Iran were found to be based on military, politics and economy. Thus, this thesis supported the necessity and importance of cooperation between Russia and Iran on security issues. Likewise, security is one of the areas, which creates a fertile environment for cooperation for

mutual interests. The phases of relied countries were also stated in the fourth chapter revealing the conditions to engage in different levels of influence with the newly independent states.

During the analysis of security aspect, mutual benefits' importance became also clear in terms of regional security and the impact on Russia's foreign policy. International and regional actors and issues brought two states closer. Especially the hegemony of the U.S. in the world politics and economy constructed a natural environment for cooperation on political and security strategies. This environment was also eligible for regional issues. Therefore, cooperating over Central Asia and the Caucasus was unavoidable for both states. Stabilization in the region was very important to develop both economic and political ties with these regional states. The security of the region was mostly related to having Russia and Iran around as a volunteered "security guard" in the region. While the Central Asian states and the Caucasian ones benefited from this guardianship while they develop their own states for the first time in decades, Russia and Iran used the region as a buffer zone to be away from problems in Afghanistan and China. Trying to take control of the region in terms of ethnic and religious unrest, security and stability of the region was essential for both states in order to carry their own trade and political benefits up. However, this guardianship turned out to be unwelcome as these newly independent states started to develop their own structure. In the end, both states realised the importance of each other in terms of regional and domestic security as Iran understood how important Russia was to help Iran's defence and having Russia as a foe would result in a catastrophe since most of Iran's arms and high technology came from Russia. Likewise, without Iran, Russia would find difficulty in engaging to stabilize the regional states as Iran became an important ally to help issues like Tajik civil war or Taliban. Moreover, Iran became an important ally in Muslim world and had been helping Russia to put Chechen issue away from international Muslim community.

Nuclear energy and nuclear technology development of Iran with the help of Russia was also analysed in fourth chapter. Like the previous parts of this thesis, fourth chapter also showed and analysed the key points of the cooperation and limits to

collaboration between Russia and Iran and how Russia showed changes in her foreign policy and tactics towards Iran. As the Russian authorities took over nuclear facility building operations in Iran, various results were issued. First, Iran used this opportunity to show the U.S. that she was not alone in the international arena even with the embargo and other restrictions. Second, Iran caught an important chance to be among the nuclear power holder states in the world. Third, Russia could benefit from a juncture like this to overcome American hegemonic attempts both in the region and in international arena. Fourth, helping Iran on nuclear power brought Russia billions of dollars, which she could use in her domestic issues and developments. Moreover, continuing an already scheduled and drawn facility of a European country like Germany gave Russia a chance to see insides of a full nuclear facility of another country. To sum up, nuclear power became more of a political than a security or economic concern of Iran, while Russia could both use it for political and economic reasons.

Despite the agreement among Russia and Iran on nuclear facilities, the project of Bushehr plant could not be finished for years. The reasons were also stated as first, Russia was afraid of a nuclear Iran, which could be more powerful in the region and in international arena to Russia's taste; second, taking over a already adjusted project and reforming the whole plant with improvements and necessary changes was harder than it seemed; and finally, Russia was using this cooperation against the U.S. but also had to take the process slow due to international concerns over Iran's possible clandestine nuclear weapon undertakings. Russia's cooperation with Iran started with economic activities, then rolled over to political and security acts, which was more related to Fundamentalism than Realism, as Realism took cooperation as a temporary act of working to achieve interests of states.

Chapter five not only gave the synopsis of the thesis, but also included regional relations in terms of trade and ethnicity, which was an important part in terms of cooperation. The Central Asian and the Caucasian states' relations with their neighbours, especially with Russia and Iran, became an important focus point of this chapter as these relations could easily be shifted to a rivalry among all parties. Although the importance of hydrocarbons, especially natural gas, had already been

stated in third chapter, natural gas and its effects in the region were once again mentioned and analysed in this chapter as they are one of the key elements of regional relations: bilateral or multilateral. While giving a short description of the nature of relations between regional states, Russia and Iran, levels of importance and different kinds of cooperation points were also stated as these cooperation efforts also became an important determinant to shape Russian – Iranian relations. Interestingly, the level and aim of relations of Iran with Central Asia and the Caucasus showed differences as Iran cooperated and adjusted her relations with Central Asia mostly on economic bases while she saw the Caucasus more of a political ground like having closer relations with Armenia as if to counter balancing Azerbaijan and staying on the good side of Russia.

While regional organizations were tried to be shaped to act as a unified voice for regional states, these organizations hardly became important tools to use in advantage of the region as most of the member states had their own agendas or there was a lack of trust between parties. Another important subject was the struggle between politics and economics in terms of interests in Russia and Iran. On certain issues, both states had their own ebb and flows and second thoughts, and acted not in line with their ideologies. For example, while Iran literally abandoned Muslims in the region as well as in Russia in order to be on good terms with Russia, Russia wandered slightly away from Israel, an important partner of Russia, in order to cooperate with Iran, which brought hard currency to straighten Russian economy. Likewise, Russia also chose a path of “friendly rivalry” with regional and extra-regional parties instead of collusions and open hostility. In short, Russia and Iran had been important and indispensable parties in the region as both states were counter balancing parties for each other and also as key stabilizers for the whole region which made the bilateral relations of Russia and Iran crucial for others, too.

Throughout the thesis, the main reoccurring themes were rebelling against the U.S. hegemony and stabilizing the region in order to benefit from economic benefits as well as security aspects. Russia’s craving for hard currency, as well as political power in international sphere, mainly against the U.S., and Iran’s need for support in international arena were highlighted nearly in every aspect of the cooperation.

However, relations between Russia and Iran are not very strong due to differences in the structure of the states and their interests, which prevent a strategic partnership. Still, Russian – Iranian relations will not be stop easily. As Putin said about the limits of Russian – Iranian cooperation, “Here we have a unique situation that necessitates paying attention to the concerns of world public opinion on the question of security. As a member of the UN Security Council and the G8 governments, we have to consider these concerns, but I reiterate that we must not also forget our national interests.”²⁰⁴

To sum up, there have been various reasons for both Russia and Iran to show cooperative behaviour on bilateral level. This cooperation is only limited to pragmatic reasons and a strategic alliance is not possible. While Russia uses this cooperation economically and politically, Iran uses Russian support mainly for political and security reasons. Based on Realism, states can never trust other states fully as the intentions can not be fully understood. This uncertainty creates a dilemma, which restricts limitless cooperation between states. In order to achieve a continuation of this alliance like relations on many spheres, Iran should remember to put Russian interests first, while Russia will only continue this cooperative behaviour if her interests are greater under a cooperation with Iran. However, both states are aware of their common goals in regional and international arena and this creates a fertile environment for their cooperation in order to achieve their aims. Moreover, despite their differences, their perspectives towards the U.S. hegemony strengthen their cooperation. As these two states’ formulation and needs are very different from each other, a continuation of partnership and cooperation is dependent on external actors and motives like the role of the U.S. towards the region, as well as Russian and Iranian ambitions, which will all shape Russian foreign policy in a positive or negative way.

²⁰⁴ Cited in Bülent Aras and Fatih Özbay. “The limits of the Russian-Iranian strategic alliance: its history and geopolitics, and the nuclear issue,” *Korean Journal of Defense Analysis*, Vol. 20, No. 1, 2008, 58.

Although this analysis includes various subjects like hydrocarbons and nuclear energy, it does not cover ethnicity and religious groups and their impacts in order to create a more harmonious analysis related to political and economic topics. Therefore, this thesis can be used for researches in international relations on Russia and Iran in various topics like hydrocarbons, nuclear energy or arms sales. Moreover, Central Asian and Caucasian studies can also benefit from certain parts of this thesis in order to create a wide synthesis.

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