



# Iran and the Black Sea region: Tehran's forgotten bridge to Europe

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February 2021



# Frontier Europe Initiative

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# Iran and the Black Sea region: Tehran's forgotten bridge to Europe

The foreign policy of the Islamic Republic has since 1979 only sporadically sought to cultivate closer ties with the countries of the broader Black Sea region. Following the collapse of the Soviet Union in 1991, Tehran initially proposed a number of ambitious plans to cultivate political, commercial, energy, and transport ties. In the case of Turkey, Ukraine, and the countries of the South Caucasus, Tehran's outreach has continuously centered on mutually advantageous energy, transportation, and general trade and investment opportunities. In the case of European Union (EU) member states Romania and Bulgaria, ties have been deeply shaped by Tehran's meandering relations with the EU bloc as a whole. In the case of Russia, which is the focus of this paper, Tehran's agenda has been far more sweeping. Since 1991, relations have grown from Tehran merely purchasing arms from Moscow to proposed joint plans for pan-regional infrastructure projects to in recent years where Tehran has begun to acclaim Russia as a "strategic partner."

There have been some Iranian advances in building relations with Black Sea states over the last 30 years. However, the reality is that Tehran's wavering commitment to deeper ties with its northern neighbors, with the exception of Russia, has considerably reduced the potential footprint Iran could have otherwise had in the Black Sea region. Tehran's ongoing standoff with the United States, its ideologically driven preoccupation to make advances in the Arab world, and a gradual but clear submission to Russian hegemony has meant that the Black Sea region is a policy matter of secondary importance to decision-makers in Tehran. Going forward, Iran's relations to this part of the world could be greatly shaped by two different scenarios.

First, a renewal of Iranian focus on the Black Sea could be anticipated should Iran return to the mainstream international community by diplomatically resolving its differences with the West, and particularly with the administration of President Joe Biden. Second, should Tehran continue to remain at loggerheads with Washington, the reality of Iran as beholden to Russia, and also China, will continue. Tehran would be forced to allow those countries to effectively shape its interests and projects around the Black Sea, thereby becoming an auxiliary actor in advancing Moscow's or Beijing's broader ambitions in the region in such areas as energy or infrastructure. The second scenario is currently most likely, as demonstrated by Tehran's excitement for China's Belt and Road Initiative (BRI) and the Russian-led International North-South Transport Corridor (INSTC).

Iran's most powerful political figure, Supreme Leader Ayatollah Ali Khamenei, is prioritizing the "East," which includes both Russia and China in this context. As Khamenei put it in October 2019, "Pinning our hope on the West or Europe would belittle us as we would beg them for favor and they would do nothing."<sup>1</sup> This prioritization of the "East" over the "West" would suggest that Tehran's focus on the Black Sea region will continue to remain a secondary priority until Iranian authorities return to a more balanced foreign policy agenda. This report provides an overview of Iran's history with the Black Sea states since 1991. It then identifies and assesses Iran's interests and priorities in this part of the world. Finally, the report outlines two possible but distinct scenarios for Iran's level of presence in and around the Black Sea region.

### **The Black Sea region in Iran's ideologically driven foreign policy since 1991**

The Islamic Republic of Iran that was born in 1979 has prioritized the Arab world as its foreign policy priority. As a result, Iran has under-prioritized other regions of the world, including the Black Sea. Iran's preoccupation with the Arab world, which sits to the south and west, began as soon as the militant Islamists around Ayatollah Ruhollah Khomeini had secured their grip on power in Tehran after the fall of the pro-Western monarchy of Mohammad Pahlavi, the Shah. At first, the Islamic Republic's focus on the Arab world began with Iran's eight-year war with Saddam Hussain's Iraq (1980-1988). This policy orientation only deepened following the terrorist attacks of Sept. 11, 2001, which resulted in American invasions of Afghanistan and Iraq in 2001 and 2003 respectively.

By early 2002, President George W. Bush had labelled Iran as part of an "Axis of Evil" together with Iraq and North Korea. Determined to deter the Americans from invading Iran as part of a broader American democratization agenda for the Middle East, Iran's core foreign policy mission throughout the 2000s was geared toward hindering American regional plans. This Iranian push only accelerated with the unfolding of the Arab Spring in early 2011 and the subsequent fall of a number of Arab regimes. In its race with the US and other regional actors, such as the Arab states of the Persian Gulf, to fill the power vacuum that had emerged in places like Syria and Yemen, Iran became even less interested in peripheral foreign policy portfolios such as the Black Sea region.

The Black Sea becoming a diplomatic priority for Iran was further set back by the region's geopolitical complexities. The emergence of new littoral states of Georgia and Ukraine after the collapse of the Soviet Union only added to these complexities. Each brought their own politics, conflicts, and most notably an often-troubled set of relations with Russia, which remained Tehran's geopolitical priority on its northern flank. And yet, as a transit region that sits between Iran and the energy-hungry European

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<sup>1</sup> Alex Yacoubian, "Iran's Increasing Reliance on China", *The Iran Primer*, September 11, 2019, <https://iranprimer.usip.org/blog/2019/sep/11/irans-increasing-reliance-china>

markets, the Black Sea could not be entirely ignored by the Iranians. The Black Sea region was and continues to be a top route for possible Iranian oil and gas pipelines to reach European markets.

In retrospect, the 1990s were therefore the years where Tehran's diplomacy was most active among the Black Sea states. Moscow was still recuperating from the collapse of the Soviet empire and in this early post-Cold War phase, the Iranians labored the most to obtain strategic economic projects. In the 1990s, the Iranians had been thoroughly sidelined in the so-called "Great Game" of pipeline politics of the Caspian Basin. This was thanks to intense American lobbying to ensure the new post-Soviet independent states in Central Asia and the South Caucasus opted to export their oil and gas without relying on Russia or Iran. That is why new Caspian pipelines that were commissioned in the 1990s and 2000s avoided Russian and Iranian territories, best exemplified by the 1,768km Baku-Tbilisi-Ceyhan (BTC) that was completed in 2005.

Tehran's hands were relatively freer to participate in projects in the Black Sea region. Iran was a major energy exporter with ample spare crude, and to a lesser extent gas, to export. This meant that in contrast with international oil and gas firms in the Caspian Sea, Iran's priority was not gas exploration. Instead, Iran needed to find suitable transit options for the new pipelines it intended to build, and considered a host of regional states, from Azerbaijan to Turkey and Ukraine, as possible partners. Iran's political and economic opportunities, however, were soon complicated for a number of reasons.

By the 2000s, Russia's international political clout had recovered, and Moscow was hugely protective of its interests in what it considered its "near abroad." On the one hand, Russia saw Iran as a useful regional anti-American actor malleable to Moscow's geopolitical agenda. That said, oil and gas rich Iran posed a direct threat to Russian exports, particularly in energy-hungry Europe. The Russians had reason to oppose the prospect of Iranian oil and gas destined for Europe, but it was also Tehran's troubled relations with the West that hugely undermined its position and attractiveness as a possible energy supplier to Europe.

During the 2000s and 2010s, the Black Sea region underwent a number of other major transformations. NATO expansion in 2004 and EU expansion in 2007 meant that Bulgaria and Romania gained membership to the two most formidable military and political blocs in the West. This reality complicated Tehran's relations with Sofia and Bucharest even as both countries had a history of trade and economic cooperation with Iran. Iran's silence in the face of Russia's wars against Georgia in 2008 and against Ukraine in 2014 epitomized its unenviable position.

On the one hand, Tehran was coping with collective Western interests shaping the policy preferences of Bulgaria and Romania, now firmly anchored in the West. A lack of amicable ties with the West forced Iran to be overly acquiescent to Moscow's regional agenda. For example, in the number of conflicts that come into being in the vicinity of the Black Sea in the 1990s and 2000s – from the wars in Abkhazia and South Ossetia in Georgia to the conflict in Transnistria in Moldova to the war between Armenia and

Azerbaijan over Nagorno Karabakh – Tehran had no choice but to stay silent so to avoid irking Moscow which was invariably the biggest outside stakeholder in each of these conflicts. Meanwhile, Tehran was engaged in an awkward balancing act in relations with Turkey, an important trading partner but also a geopolitical rival of Iran in Iraq and later in the Syrian civil war where the Iranians backed President Bashar Al Assad while Ankara sided with the Syrian opposition. In fact, in the 30 years since the collapse of the Soviet Union, Tehran’s approach to the broader Black Sea region can be defined as “proactive” (1991-2001) and “inactive” (2001-present day).

### **Iran’s early rush for the Black Sea region**

One of the key lessons that Iran learned during the Iran-Iraq War (1980-1988) is that excessive economic dependence on a handful of sources of income, trading partners, and trading routes is fundamentally high-risk in the event of unforeseen disruptions. When Hussein’s military targeted Iranian oil export facilities and tankers moving its crude oil to markets from Iran’s Persian Gulf coast, Tehran had very few contingency plans to replace the lost income. Hence, from the mid-1980s, Tehran began to appraise alternative export options and markets to circumnavigate the threat Iraq posed to Iran’s exports from its oil terminals in the Persian Gulf. The first route that Iranian planners pursued was a 2,000 km pipeline from Iran’s oil-rich Khuzestan province to Turkey’s main oil terminal at Dordyol in Iskenderun Bay in the southeast of the country. At the same time, Tehran was also in talks with the Soviets about Iranian oil arriving at Soviet ports in the Black Sea for onward exports to Europe (Iran did not want to lose Europeans as key oil customers).<sup>2</sup>

These negotiations stalled or moved very slowly but the fall of the Soviet Union provided Tehran with an opportunity to accelerate its efforts. Gone was the Soviet control and central economic planning that during the Cold War had characterized conditions for most Black Sea countries. In this post-1991 shift toward capitalist economies, Ukraine quickly emerged as a good match for Iran. The Ukrainian economy was relatively large and energy-hungry thanks to disruptions to its energy supply infrastructure brought about by the discontinuation of the old Soviet energy supply chain. Ukraine was also a producer of goods, particularly military platforms, that Tehran was interested in procuring as part of a broader economic understanding with Kyiv.

Not only could Ukraine be an end-user of Iran’s oil and gas exports, but the country could also be a transit route to European markets.<sup>3</sup> Within a few weeks of the collapse of the Soviet Union, on Jan. 29, 1992, Tehran and Kyiv signed a deal for 4 million tons of petroleum and 3 billion cubic meters of natural gas a year. Iran and Ukraine also signed a deal for three natural gas pipelines from Iran through

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<sup>2</sup> Alan Cowell, “Iranians Reported in Turkey for Talks About a New Pipeline,” *The New York Times*, January 5, 1988, <https://www.nytimes.com/1988/01/05/world/iranians-reported-in-turkey-for-talks-about-a-new-pipeline.html>

<sup>3</sup> Oles Smolansky, “Ukraine’s Quest for Independence: The Fuel Factor,” (*Europe-Asia Studies*, 1995), 67-90.

Azerbaijan and to Ukraine. There was also talk of two separate oil pipelines to take the same route. The pipelines were said to be built from 1992 and completed by 1996.<sup>4</sup> Moscow was not happy about being cast aside in such pipeline projects, but it was ultimately Tehran's troubled relations with Washington that prevented its pipelines from traversing the Black Sea littoral states.

American, and to a lesser extent EU, opposition to Iran becoming an integrated part of pan-regional projects was not limited to gas and oil pipeline politics. For example, Iran was excluded from the Transport Corridor Europe-Caucasus-Asia (TRACECA) project, which was launched in 1993 by the EU, Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkmenistan, Turkey, Ukraine, and Uzbekistan. In 2009, Iran signed to join TRACECA but US, UN, and EU sanctions on Tehran have prevented the Iranians from taking part in this trade-promoting mechanism. Overall, the EU has not viewed Iran as integral to its future plans for energy and transportation projects spanning the Caspian and Black Sea. In a 2015 assessment and policy recommendation report by the European Commission, dubbed "Black Sea Synergy: review of regional cooperation initiative," Iran was not mentioned once, despite energy and transportation constituting key parts of the report on how to bring about greater integration in the region.<sup>5</sup> This lack of European interest in involving Tehran in any pan-regional economic schemes, together with Washington's policy of pressure against Iran, left the Russians as the only conduit for possible Iranian presence in and around the Black Sea. That said, Russian-Iranian relations face their own limitations.

### **Iran's mixed success in moving toward Russia and China for its Black Sea ambitions**

Iranian economic trade links have shifted toward the Far East, in part due to political tensions with the West and in part due to the rise of Far Eastern economies since the early 2000s. There has also been a push in recent years toward Russia and other former Soviet republics. Iran's fallout with the West is again the main catalyst. Germany was historically Iran's biggest trading partner; a position China has now overtaken. By 2017, over 75 percent of Iran's oil exports were destined for markets in South and East Asia. A simple timeline will display the gradual expansion of Iran-China economic and trade agreements.<sup>6</sup> The most recent strategic deal under discussion is a 25-year, \$400 billion agreement that is said to include plans for huge Chinese investment in Iran's infrastructure such as ports, rail, and road.<sup>7</sup> While Iran's trade with China declined by about one-third in 2019, Beijing still represents about one-

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<sup>4</sup> Alvin Z. Rubinstein and Oles M. Smolansky, *Regional Power Rivalries in the New Eurasia* (Routledge, 2016), Chapter 3.

<sup>5</sup> *Black Sea Synergy: review of a regional cooperation initiative* (European Commission, High Representative of the European Union for Foreign Affairs and Security Policy, Joint Staff Working Document, Brussels: January 20 2015).

<sup>6</sup> See Zamirrad.

<sup>7</sup> Alex Vatanka, "Russia, Iran and Economic Integration on the Caspian," *Middle East Institute*, August 17, 2020, <https://www.mei.edu/publications/russia-iran-and-economic-integration-caspian>

third of Iran's total international trade.<sup>8</sup> This trend over the course of the last 20 years is what Iranian scholars refer to as "Asianization and de-Europeanization under sanctions."<sup>9</sup> The notion is that "the imposition of various sanctions in relation to Iran's nuclear program has pushed the foreign trade policy of this country toward Asianization and away from Europeanization."<sup>10</sup>

As Azadeh Zamirirad of the German Institute for International and Security Affairs points out, "Iran finds the supremacy of Asia as a more natural condition of international life. It views itself as the natural and central 'link' and 'crossroads' between various geo-economic regions and corridors in the emerging geography of the BRI."<sup>11</sup> And yet, despite increasing shift toward Asia, Iran will continue to uphold ties with Europe in order to resist US sanctions pressure.<sup>12</sup> If so, the littoral Black sea countries will need to be taken into consideration one way or another since this region is Iran's physical bridge to Western Europe. In fact, not only is Tehran looking to the East – China, Russia, India, and Japan in particular – for trade and investment, it also sees itself as a critical trade hub in Eurasia, connecting the Middle East to the rest of Asia and Europe. That said, as of today, Tehran's attempts to foster Eurasian integration, along BRI for example, is part of its desire to form an anti-US economic bloc.<sup>13</sup>

While Tehran's gravitation toward the East has its commercial logic, the centrality of the political driver in this push is beyond dispute. In the next three decades, demand for oil and gas in Asia will significantly increase while demand in Europe significantly declines for a variety of reasons, including new available alternative energy sources, changing consumer habits, and governmental environmental policies that will disfavor hydrocarbons.<sup>14</sup> Meanwhile, due to American sanctions, Iran's only hopes for large-scale investment and trade at the moment come from Asia, not Europe. These two factors represent the core logic behind Iran's prioritization of the "East" over the "West," which Iran's Supreme Leader Khamenei openly acknowledges and welcomes. Tangible moves by Tehran to reduce dependence on Europe as a trading partner and prioritize the "East" has in recent years come to also mean greater emphasis on forming trade relations with countries to Iran's north. In 2015, Tehran began to explore a Free Trade Agreement (FTA) with the Eurasian Economic Union (EAEU), a Russian-led economic bloc established a

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<sup>8</sup> "Iran-China Trade Dropped by One-Third in 2019," *Radio Farda*, (January 24, 2020), <https://en.radiofarda.com/a/iran-china-trade-dropped-by-one-third-in-2019/30395651.html>

<sup>9</sup> Mohammad Nasre Esfahani, Ehsan Rasoulinezhad, "Iran's trade policy of Asianization and de-Europeanization under sanctions," *Journal of Economic Studies*, (September 11, 2017).

<sup>10</sup> Cornelius Adebahr, "Europe and Iran: The Economic and Commercial Dimensions of a Strained Relationship" *Carnegie Europe*, (December 17, 2018).

<sup>11</sup> Azadeh Zamirirad, "Iran's Foreign Policy Outlook and the Role of Russia, China and India," *German Institute for International and Security Affairs*, (April 2020), 22.

<sup>12</sup> Zamirirad, 33.

<sup>13</sup> Annalisa Perteghella, "Iranian Looking East: An Alternative to EU?," *ISPI*, (November 2019), [https://www.ispionline.it/sites/default/files/pubblicazioni/isp\\_i\\_iran\\_looking\\_web.pdf](https://www.ispionline.it/sites/default/files/pubblicazioni/isp_i_iran_looking_web.pdf)

<sup>14</sup> Colete Schalk, "An Independent Global Energy Forecast to 2050," *Energypost.eu*, (October 18, 2019), <https://energypost.eu/an-independent-global-energy-forecast-to-2050-part-3-of-5-fossil-fuels/>

year earlier. Iran's FTA with the EAEU was officially launched in May 2018, nine days after President Donald Trump took the US out of the 2015 nuclear deal with Iran and vowed to launch a "maximum pressures" campaign of sanctions against Tehran.

Iran's FTA with the EAEU is scheduled to start from 2021. Still, while Trump's approach to Iran represented an escalation, the US policy of keeping Iran isolated is hardly a new trend. In the case of joining multilateral trade organizations, the US has notably blocked Tehran from joining the World Trade Organization since 1996.<sup>15</sup> Joining a relatively novice organization like the EAEU was therefore a show of defiance against the Americans but did also provide material economic and trade benefits. Latest available data show that Tehran traded \$2.8 billion in goods between October 2019 and August 2020, representing a 6 percent increase compared the same period a year earlier.<sup>16</sup> While trade figures with the EAEU states – Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia – are relatively small for Iran, economic association with this bloc provides much political comfort to policymakers in Tehran and even some hope for deeper logic in the long-term to augment ties with the EAEU.

As Iran's President Hassan Rouhani has stated, "Besides the ability to supply the import needs of several of these [EAEU] countries, Iran can be a suitable route for the transit of the member states' goods, thanks to its appropriate location."<sup>17</sup> Iran's logic of acting as a conduit for regional trade applies to Turkey as well, a country that has not prioritized the EAEU and is still an EU member candidate but has considerable trade with Iran. Tehran has urged Turkey to use Iranian territory for trade links to Central Asia instead of alternative routes. According to Iran's Customs Administration (IRICA), Turkey's trade with post-Soviet states through Iran in 2019 was 1.08 million tons. In 2016, this figure was only 565,000 tons.<sup>18</sup> Such numbers bode well for Tehran, particularly if Turkish trade helps lift the stature of Iran as a transit corridor for Central Asian-Black Sea commerce.

Thanks to geography, Russia and Turkey would occupy special places in any future efforts to connect Iranian road and rail and other transportation links to the Black Sea and Europe beyond. However, in terms of ability to underwrite mega infrastructure projects, it is China that is firmly courted by the Iranians. For example, China's BRI will on paper finance additional transit options for the transfer of goods from ports in southern to northern Iran and beyond to Turkey, Russia, or Europe. China has a number of transit options available to it, but Iranian territory is difficult to avoid for any south-north or

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<sup>15</sup> Kevjn Lim, "Iran's Eurasian Wager," *The Washington Institute for Near East Policy*, (April 27, 2020), <https://www.washingtoninstitute.org/policy-analysis/irans-eurasian-wager>

<sup>16</sup> "Iran's Trade with Eurasian Economic Union Hit \$2.8 Billion," *Financial Tribune*, (October, 18 2020), <https://financialtribune.com/articles/domestic-economy/105762/irans-trade-with-eurasian-economic-union-hit-28-billion>

<sup>17</sup> "Call for Economic Diplomacy to Counter Sanctions," *Financial Tribune*, (October 13, 2020), <https://financialtribune.com/articles/national/105709/call-for-economic-diplomacy-to-counter-sanctions>

<sup>18</sup> Omid Rahimi and Ali Heydari, "How Iran and Turkey Compete in Central Asian Trade," *The Diplomat*, (February 25, 2020), <https://thediplomat.com/2020/02/how-iran-and-turkey-complete-in-central-asian-trade/>

east-west links. For example, as Selcuk Colakoglu has observed, China might also want to finance the “Southern Corridor to establish a link between the Turkish and Chinese Silk Road initiatives,” linking China to Turkey through Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan, and Iran before reaching Turkey.<sup>19</sup>

As these new economic projects are discussed, it is important to recognize that the promise of pan-regional integration is not itself a new idea or an untested proposition. What is different from Tehran’s perspective is that the worsening political conflict with Washington, which the Islamist regime considers to be an existential one, has massively reinforced the reasoning behind looking “East” (with Russia and China as key partners) in new efforts to integrate the economies of the Middle East and the Caspian and Black Sea. Take for example the Economic Cooperation Organization (ECO), which was founded in 1985 by Iran, Pakistan, and Turkey. The ECO today has ten members, including Afghanistan and six former Soviet republics, but not Russia. The combined population of ECO member states comes close to 500 million, a huge market with significant economic integration possibilities. But feeble political leadership in the ECO means the organization punches way below its weight. Such simple realities of past failures by the likes of the ECO are exactly why Tehran has invested so much hope in ventures like the EAEU and the BRI. Russian and Chinese participation bring the kind of political and economic weight to the table that is indispensable and whose absence make ventures like ECO underachieve.

### **Iran’s limited appeal to Moscow and Beijing**

Tehran’s starry-eyed approach to Russian and Chinese leadership in Eurasia, and belief that these countries can save Tehran from American pressure, is not limited to energy, transit, or other economic-driven initiatives. A notable non-economic objective of Tehran has in the last two decades been to join the Shanghai Cooperation Organization (SCO), a security-centered alliance led by Moscow and China, with the other members being India, Pakistan, Kazakhstan, Uzbekistan, Kyrgyzstan, and Tajikistan. Iran applied for full membership in 2008 but it has not been officially admitted on the grounds that it was under UN sanctions due to its nuclear program. This reasoning is highly likely nothing but a smokescreen. Iran has not moved any closer to full membership in the SCO since most UN sanctions on Iran were lifted in January 2016 after it signed the 2015 nuclear deal with world powers. The fact that Tehran has been left in the cold as long as it has by the SCO is a prime example of Russia’s and China’s limited appetite to integrate Tehran in some of the pan-regional initiatives they lead.

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<sup>19</sup> Selcuk Colakoglu, “China’s Belt and Road Initiative and Turkey’s Middle Corridor: A Question of Compatibility,” *Middle East Institute*, (January 29, 2019), <https://www.mei.edu/publications/chinas-belt-and-road-initiative-and-turkeys-middle-corridor-question-compatibility>

Tehran, out of necessity and because of the geography it occupies, might be considered an inevitable partner for China's BRI or Moscow's INSTC, but the Russians and the Chinese clearly have no desire to move too close to the Islamic Republic. After all, Iran's foreign policy troubles are not limited to its conflict with the US but a host of other states in West Asia – such as Israel or the Arab countries of the Persian Gulf. Neither China nor Russia would want to fall out with these states because of Tehran's self-proclaimed revolutionary foreign policy. This reality belies the much-touted idea expressed by officials in Tehran that Russia and Iran are in some kind of "strategic partnership." No one better knows the limitations of Iranian-Russian cooperation than officials in Moscow and Tehran. Take the Iranian-Russian playbook in Syria, where both states have sought to keep the regime of Al Assad alive since 2011. While they have succeeded in that objective, which they call a "counter-terrorism" mission, each side has engaged in a not-so-subtle competition for maximum influence in Assad's Syria.

In the early days of this joint effort, when officials in Tehran exaggerated the basis for Russian-Iranian cooperation, Moscow was quick to hit back. When Ali Shamkhani, the Secretary General of Iran's Supreme National Security Council (SNSC), said in June 2017 that the Iran-Russia-Syria-Iraq-Hezbollah alliance should not be "short-lived" as its goals are bigger than the situation in Syria, it was very quickly rejected by the Russians. A report in Russia's Pravda said that Shamkhani's attempt to paint Russia as an ally of Hezbollah and Hamas was a distortion of Russian policy and that Tehran is desperately seeking to create some kind of a grand alliance that Moscow has no interest in joining. The Pravda article said that Shamkhani's statement "has caused damage to Russia's image and interests. True allies do not act like that."<sup>20</sup>

Iranian analysts have been warning for some time of Russia's anger at Tehran attempting to pull Moscow into the Iranian-dominated orbit of "axis of resistance" against the US and Israel. Russia's limited desire to team up with Iran as part of some kind of anti-Western front was perhaps also the reason why Iran was again turned down in its application for full membership in the SCO. In a case of harsh criticism, one former Iranian diplomat suggested Russia and China are still reluctant to admit Iran into the organization because of its enmity toward the US and because of its refusal to accept Israel's right to exist as a country. This was just one more reminder that the Iran-Russia strategic partnership is hardly open-ended or unrestricted. And it's not for lack of trying by Tehran. As far back as January 2007, when Russian Security Council Secretary Igor Ivanov visited Tehran, Iran's Supreme Leader Ayatollah Ali Khamenei has been pushing Moscow for a strategic alliance against common adversaries. If Russia is unwilling to pursue an open-ended approach of cooperation with Iran in regard to affairs in the Middle East, where Iranian presence and leverage is considerable, then the chances of Russia wanting to give

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<sup>20</sup> "Iran sets Russia up," *Prada*, (June 7, 2017), [https://www.pravdareport.com/world/137935-iran\\_russia/](https://www.pravdareport.com/world/137935-iran_russia/)

Tehran greater access to the Black Sea, where Tehran is at best a peripheral actor, seems hardly probable in the foreseeable future.

## Two scenarios ahead

For various ideological and geopolitical reasons, Tehran's approach to the Black Sea region has been passive since at least the early 2000s, if not before. The intense but brief and unsuccessful push in the early 1990s for oil and gas pipelines from Iran to Azerbaijan and onwards to Ukraine, and perhaps even Europe, turned out to be an anomaly. Tehran has instead been too preoccupied with its push for influence into the Arab world while mostly seeking economic opportunities in the Far East and in China in particular. Iran does currently have active and strong diplomatic and economic ties with the two largest Black Sea littoral states of Russia and Turkey, but two realities in this context should not be overlooked. First, neither sets of relations are pushed forward by an all-inclusive Iranian strategy aimed at the Black Sea. In fact, Tehran does not have a single all-encompassing strategy for this region.

In the case of Russia, the undisputed driver behind relations is Iran's standoff with Washington and the explicit hope by officials in Tehran that Moscow will shelter them from American pressure. This the Russians have so far delivered on, but only partially. While Russia has in recent years protected Iran from further US reprimand and sanctions in key international forums such as the UN Security Council, Moscow has repeatedly reminded Tehran that this support is not a blank check. Russian reservations about Tehran's geopolitical agenda, and the competition for influence, has been on display with the tense interplay between Moscow and Tehran in Syria, where they are ostensibly on the same pro-Assad side.

Tensions are also evident in commercial relations. Take the issue of energy cooperation. Not only have the Iranians been disappointed by Moscow's unwillingness to work with Tehran to raise oil prices on international markets, they also bemoan the fact that the Russians have actively sought to replace Iran's oil export share, lost in recent years due to US sanctions. In 2015, as major oil exporters were trying to hammer out cutbacks to raise the price of oil, Iran's Deputy Oil Minister Abbas Shahri Moghaddam remarked: "We are surprised that Russia, which produces almost the same amount of oil as Saudi Arabia, has not been prepared to come together with Venezuela, Iran and Iraq and decrease production by two million barrels of oil a day."<sup>21</sup> Cooperation on this front has not improved since, which is unsurprising given both Russia and Iran remain energy exporters and therefore rivals. This is just one but prominent example of unease in Iranian-Russian relations, and one that is set to remain in the foreseeable future.

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<sup>21</sup> Alex Vatanka, "An Iran-Russia axis? Some in Tehran are not so sure," *The National Interest*, (February 11, 2015), <https://nationalinterest.org/feature/iran-russia-axis-some-tehran-arent-so-sure-12229>

The unease is not limited to commercial rivalries only; it touches on raw historic nerves and national pride. The best example here is decades-long negotiations between Moscow and Tehran over the demarcation of the oil and gas rich Caspian Sea. From the early 1920s until 1991, Iran and the Soviet Union shared the Caspian Sea in an informal 50-50 set-up. Since 1991, when the Soviet Union collapsed and was replaced by Russia, Kazakhstan, Azerbaijan, and Turkmenistan, Iran has insisted on a minimum 20 percent of the Caspian. In August 2018, the five states agreed to divide the body of water into five sections for economic exploration (up to 10 miles from their coast) and fishing (up to 15 miles from their coast). Yet, critics in Tehran believe the decision to start dividing the Caspian along the length of the coast means the final resolution gives Iran only 11-13 percent of the Caspian (based on Iran's coastline).

The heaviest criticism was on the timing of this agreement. Iran has been under immense American pressure, and the Russians are said by many in Tehran to have exploited Tehran's isolation by pushing for a deal that disadvantages Tehran. The Russians have essentially secured the outcome they have always wanted, which is for the five littoral states to reach separate agreements about dividing the Caspian. Russian and Kazakhstan had already divided the northern part of the Caspian and now Iran has to struggle to reach a separate agreement with Azerbaijan and Turkmenistan for the southern section of the Caspian. The fact that little information has been provided by the Rouhani government was also widely seen in Tehran as a worrying sign that Iran did not receive a good outcome as a result of the Aug. 12, 2018 summit. While Foreign Minister Javad Zarif insists Iran will not accept anything less than a fair, five-way division of the Caspian that gives Iran 20 percent of the body of water, skeptics in Tehran have already made up their mind: Russia has outsmarted Tehran.

Those in Tehran critical of the Islamic Republic's ideologically driven foreign policy agenda maintain that Russia is at best a fair-weather friend and to seek a strategic partnership with such a rival is a dangerous pipedream. In such assessments, Russia is an inevitable neighbor and natural trade and investment should be welcomed, including the development of pan-regional transit schemes like the INSTC which Russia is spearheading alongside India. But Iranian-Russian cooperation in limited fields should not be exaggerated to signal some kind of strategic convergence that does not in reality exist. Instead, the optimal for Iran would be to re-order its foreign policy priorities.

Former President Trump's campaign of "maximum pressure" underscored to policymakers in Tehran how vulnerable the country still is to unilateral American pressure tactics, including the loss of the majority of its oil export income revenue since late 2018. Meanwhile, the fact that both Russia and China, despite all the rhetorical support, have been careful in assisting Tehran in its hour of need makes it clear to sober Iranian analysts that the status quo is unsustainable. One such voice is the former head of the Middle East section at the Foreign Ministry in Tehran, Qassem Mohebbi. As he put it, Iran first has to decide what sort of foreign policy it wants to pursue: an ideologically activist one that puts



