Moscow’s Iranian Policies:
Opportunities and Dangers

Dr. Carol R. Saivetz

In mid-September 2006, Sergei Kirienko, the head of Russia’s Atomic Energy Agency (Rosatom, formerly Minatom), announced that Russia would complete and open the Bushehr nuclear reactor in Iran in November 2007. The next week, Gholamreza Aghazadeh, his Iranian counterpart, arrived in Moscow to finalize the details; and on September 26, Russian media announced that the fuel for the reactor would be delivered in March 2007. Somewhat ironically, these new steps toward the completion of Bushehr came at the end of a summer in which representatives of the five permanent members of the United Nations Security Council, plus Germany, had been meeting to develop a common strategy to prevent Iranian acquisition of nuclear weapons.

Only a month before Kirienko’s announcement, Iranian officials handed diplomats a note indicating that they were prepared for “serious” talks with the international community about a package of incentives designed to forestall the development of Teheran’s suspected nuclear weapons program. At the same time, Iranian authorities were adamant that they would not give up their right to pursue uranium enrichment. This Iranian equivocation places Russia in an awkward position, to say the least. The European Union and the Bush administration need Russian (and Chinese) cooperation to deter Iran from developing a sophisticated nuclear program—but from the start, Russia has pursued a purposefully ambiguous policy. Russian officials have made clear that they want to prevent Iran from acquiring nuclear weapons; yet they have been determined to prevent the imposition of sanctions.
Russian-Iranian relations have a long and complicated history that is beyond the scope of this policy Brief. It should be noted, however, that the sometimes difficult interactions between these two countries have been dictated by both economic and geopolitical interests. Since Vladimir Putin was elected Russian president in March 2000, the complex of Russian’s relations with Iran has played an increasingly important role in Moscow’s foreign policy strategy. This Middle East Brief will explore the full range of Russian interests in Iran and analyze how Russia has sought to protect its stakes as Iran comes under increasing international pressure to comply with International Atomic Energy Agency (IAEA) restrictions on its nuclear programs.

**Russia’s Political and Economic Objectives**

From the first days of his presidency, Vladimir Putin made it clear that restoring Russia’s great-power status was his primary objective. Initially he reinforced “strategic relationships” with India and China through the Shanghai Cooperation Organization (SCO), but following the September 11, 2001, terrorist attacks, Putin—in a move not widely supported by Russian foreign policy elites—tried “bandwagoning” with the United States and joining the war on terror. The elites were quite skeptical of the United States, and they were looking for the U.S. to reward Russia for pursuing an unpopular course. But the paybacks were few, if any. Within months, President Bush abrogated the Anti-Ballistic Missile Treaty and supported the second round of NATO expansion. The limits of Russian influence were further underscored by Putin’s inability, despite the construction of a quasi-alliance with Germany and France, to deter the U.S.-led war against Iraq. Thus Moscow’s relations with Teheran represent, in effect, a “declaration of independence” from the United States.

Within this overall setting, Russia’s interests extend well beyond playing a geopolitical chess game with the U.S. In the 15 years since the collapse of the USSR, the Russian foreign policy establishment has viewed Iran as a responsible partner in Central Asia: where Iran helped to negotiate an end to the Tajik Civil War, and Iran and Russia jointly opposed the Taliban. Most recently, Iran has been invited by Russia and China to be an observer at meetings of the SCO. In the Caucasus, both Moscow and Teheran have supported Armenia in its struggle with Azerbaijan, although for different reasons. And in the Caspian Sea region, Moscow still hopes to win Iran’s approval for a demarcation scheme governing resource development there.

Within the past six months or so, additional policy imperatives have been added to the mix. Emboldened by the dramatic increases in the prices of oil and natural gas, and with Putin enjoying a consolidation of political power during his second term, Moscow has moved to regain its role in the wider Middle East. According to noted security analyst Aleksei Arbatov, “Russia wants to win global clout by acting as a mediator amid growing tensions between the West and the Islamic world.” Additionally, with the ongoing turmoil in Iraq as background, Russia wants at all costs to prevent a second U.S.-led war, this time against Iran.

On the economic side of the equation, Iran is a large market for Russian arms, metals, and nuclear technology. In the late Gorbachev period, Moscow and Teheran initialed a series of arms deals—including MiG-29 and Sukhoi-24 aircraft and Kilo-class submarines—worth over $1 billion. Upon acceding to the presidency, Putin abrogated the Gore-Chernomyrdin agreement, which limited Russian arms transfers to Iran, and in 2001 he initiated new arms agreements said to be worth between 2 and 7 billion dollars. In the most recent deal, Russia agreed to sell patrol boats, an upgrade for Russian-made fighter jets, and, even more significantly, 30 Tor-M1 missiles, capable
of targeting aircraft and missiles flying at low to medium range.\textsuperscript{9} According to 
\textit{Vedomosti}, the Tor-M1 missile contract alone is worth approximately $900 million.\textsuperscript{5}

Perhaps most emblematic of Russia's financial stake in Iran is the $1 billion contract for the completion of the Bushehr nuclear reactor. When the contract was announced in 1995 by Minatom, the United States objected; in the end, Russia acquiesced to U.S. pressure and the contract was amended to exclude gas centrifuges. Aleksandr Rumyantsev, former head of the Ministry of Atomic Energy, repeatedly stressed the lucrative nature of the project, not only for Minatom but also for many private companies. On a trip to Teheran in December 2002, Rumyantsev claimed that 1,200 scientists and contractors from the former Soviet Union were working in Bushehr, of whom at least 60 percent were Russian. According to an \textit{Izvestiia} report, the Bushehr project has saved more than 300 enterprises from financial ruin,\textsuperscript{7} while the pro-Kremlin website \textit{gazeta.ru} estimated that Russia would lose $500 million a year if the project were not completed.\textsuperscript{8} Thus, whether the construction of Bushehr is for public/governmental or at least partially private benefit, it would seem fair to say that Iran may have saved the Russian nuclear power industry.

\textit{Russia's Nuclear Dance: June 2003–August 2006}

Beginning in June 2003, the contradictions between international concerns about Iran's nuclear intentions and Russia's determination to complete Bushehr became increasingly apparent. When the IAEA concluded that Iran had not reported its importation of natural uranium and had not declared its facilities to handle the material, Russia announced that completion of the reactor would be delayed until 2005, and that Moscow would not supply fuel for Bushehr unless the Iranians agreed to return all spent fuel rods to Russia. Russian relief was palpable—but short-lived—when on December 18, 2003, Iran signed an additional protocol in which it agreed to suspend uranium enrichment and allow for surprise inspections. In 2004, there were new revelations about secret Iranian nuclear activities, and under intense European pressure, Iran announced in mid-November 2004 that it would voluntarily continue and extend its suspension of enrichment activities. In return, the European Union would declare that Iran had a right to a civilian nuclear program and would agree to provide technical assistance and to guarantee Iran's access to nuclear fuel imports. Nonetheless, Iranian spokesmen underscored that Iran would renege if Europe did not uphold its part of the agreement. The November agreement was seen in Moscow as a green light to finalize the Bushehr negotiations, and in February 2005 the bilateral deal guaranteeing the return of the spent nuclear fuel to Russia was signed.\textsuperscript{9}

The ongoing international diplomacy around Iran's nuclear activity was altered in the spring and summer of 2005, when the United States joined with the EU 3 (Germany, France, and England) to offer a new package of incentives to Iran and when hard-liner Mahmud Ahmadinejad won the Iranian presidential election. All the while, Russia remained adamant that even if Iran restarted conversion activities, the construction of Bushehr would go forward. When on August 9, Iranian officials removed the seals at Isfahan in the presence of IAEA officials, the Russian response was at first ambiguous; but within a week, the Ministry of Foreign Affairs issued a firm statement that Iran should stop conversion activities and return to negotiations. The Ministry of Foreign Affairs spokesman, Mikhail Kamygin, remarked: "A wise decision would be to stop without delay the work that has been started on uranium conversion, and to continue Iran's close cooperation with the IAEA in removing the outstanding questions concerning the Iranian nuclear program."\textsuperscript{10}

On September 24, 2005, the IAEA, with Russia abstaining, voted to establish a mechanism by which to refer questions regarding Iran's nuclear activities to the UN Security Council. The resolution noted that the "absence of confidence that Iran's nuclear programme is exclusively for peaceful purposes [has] given rise to questions that are within the competence of the Security Council."\textsuperscript{11} Just prior to the IAEA meeting, Aleksandr Rumyantsev claimed that "there are no grounds for the Iranian nuclear issue to be viewed with particular concern or for it to be referred upwards to the UN Security Council. Iran is entitled to develop civilian nuclear energy; nonetheless, there are some issues that need to be elucidated via the IAEA."\textsuperscript{12} After the vote, Rumyantsev noted that

\textit{[w]e appreciate that as a country, which has signed the non-proliferation treaty, Iran has every right to carry out its program to set up a nuclear fuel cycle. . . . At the same time, we do not recommend this. . . . Russia will not abandon its cooperation with Iran. If legal restrictions on such cooperation appear in international law, we will abide by them. . . . There is nothing wrong in earning money in a legitimate business, and there is no reason at the moment to limit our cooperation.}\textsuperscript{13}

Throughout the fall of 2005 and into 2006, Russia tried to use the Bushehr contract, as well as the new arms agreements, to establish itself as a mediator between Iran and the West. To that end, Russia put forward a proposal for a joint venture with the Iranians to enrich uranium on Russian soil. In an interesting comment, Konstantin Kosachev, chairman of the Foreign Affairs Committee of the Russian Duma, noted that if the venture failed, there would be no negative consequences for Russia, but that success would give Russia "considerable
additional advantages in terms of its position in the world." The Iranians equivocated while at the same time resuming uranium enrichment activities, by removing the seals—with IAEA inspectors watching—from its facilities at Natanz. In response to the announced resumption of enrichment, Foreign Minister Sergei Lavrov stated: “It is cause for concern that Iran has announced its intention to restart work connected to enrichment… Russia will make an effort to ensure that during the period of negotiations the moratorium is maintained.” But Lavrov, in an interview with *Ekho Moskvy*, implicitly recognized Russia’s difficult task and explicitly acknowledged international suspicions regarding Iran’s true objectives. Among other things, the foreign minister noted that the Iranian president’s repeated anti-Israel statements were “oil on the fire” and “add political arguments for those who believe that Iran can only be addressed through the UN Security Council.”

In light of Teheran’s tepid response to the Russian proposal and its bold flouting of international pressures, the IAEA governing board voted on February 2 to report Iran to the Security Council, but to delay any action for at least a month. The following day, Iran announced the end of its voluntary cooperation with the IAEA, and on February 14, Teheran confirmed that it had resumed uranium enrichment. Simultaneous with the announcement, there were informal meetings between Iran and the European Union; it should also be noted that Russian-Iranian talks on the joint enrichment proposal were originally scheduled for the same day. After two postponements, Iranian and Russian negotiators met in Moscow on February 20, but there was no agreement. Subsequent official Russian statements tried to put a positive spin on the outcome of the talks; but in a blunt assessment, Sergei Markov, professor at Moscow State University and advisor to the Russian government, noted that “Iran will seek to drag out the negotiations because while they are ongoing, the possibility of referral to the UN Security Council and the possible implementation of sanctions are almost zero.”

In the short run, that might seem to serve Russia’s purposes, but as the spring would show, the delays endangered other Russian policy objectives. For one thing, Russia’s position would become increasingly difficult if and when Iran moved ahead with its nuclear research. In early March, the IAEA’s report on Iranian non-compliance was sent to the Security Council and after a month of wrangling the full council agreed that the IAEA should report back to the council by the end of April whether or not Iran had stopped its enrichment activities. On April 11, Iran announced that it had successfully enriched uranium and had joined the nuclear club. In a statement that could be characterized as cautiously critical, Foreign Affairs spokesman Kamynin called Teheran’s announcement a “step in the wrong direction that conflicts with IAEA decisions.” At the same time, however, Foreign Minister Lavrov cautioned against the use of force. Other Russian analysts were overtly pessimistic. In an interview, the Duma’s Kosachev observed:

I feel that Iran is deliberately driving towards conflict and breaking up the relations with the IAEA… None of the six states fully trusts Iran… Americans cast doubt on any Iranian statements, while we are more flexible and soft on Iran, but we do not trust them in full either… Economy is an important but subordinate subject for us as compared with the preservation of the existing UN-based collective security system and the regime of nuclear non-proliferation.

Furthermore, the more urgent the Iranian nuclear question became, the more it would cast a shadow on the July 2006 St. Petersburg summit meeting, which was supposed to be a crowning achievement of the Putin presidency, and the greater would be the pressure on Russia to be seen as cooperating with the other members of the G-8. In late April, Teheran rejected the Russian proposal for a joint enrichment scheme, declaring that it was no longer relevant. And, in early June the EU finalized its economic offer to Teheran and requested an answer by the time of the G-8 meetings. During the meetings of the SCO just prior to the G-8 summit, Russia (and China) urged Iran to accept the Western package of economic incentives and to start negotiations. According to Russian sources, the Iranian president promised Putin that Iran would respond in a timely manner; but Teheran announced that it would not respond formally before the G-8 meetings. On July 12, therefore, a few days before the beginning of the summit, the foreign ministers of the permanent Security Council members plus Germany decided to refer Iran’s nuclear program to the full Council. In explaining the Russian decision, Sergei Lavrov said: “We were frustrated by the absence of a positive response from Iran, [especially] since it contradicts what [was] said by President Ahmadinejad to the President of Russia a month ago [during the SCO meeting].” On the eve of the G-8 meeting, Vladimir Putin reiterated the Russian position that Russia did not want Iran to acquire nuclear weapons; moreover, he stated unequivocally, Russia had told Iran this.

At the meeting itself, the G-8 leaders agreed that Iran should work with the international community to resolve the issue. Given the July 12 decision and the G-8 statement, one would think that Russia had acquiesced to U.S.-European pressures. Indeed, in an interview with radio station *Ekho Moskvy*, Foreign Minister Lavrov remarked: “If… a given
period of time, which we agree to, [has elapsed,] that will bring us to a discussion of further measures, including measures of an economic character.”22 Within days, however, Moscow seemed to backtrack. There was speculation at the time that Russian officials backpedaled in order to forestall any chance of a military strike against Iran’s nuclear facilities.

The resulting UN Security Council Resolution 1696 required Iran to comply with IAEA demands to suspend enrichment and to implement a stricter inspections regime in return for U.S. and European economic promises. While again rejecting the quick implementation of sanctions, the Russian foreign ministry spokesman urged Teheran to accept the offer, on the basis that the proposal “would meet the long-term interest of Iran, itself.”23 As noted above, Iran offered its formal response on August 22, and four days later, President Ahmadinejad presided over the inauguration of a heavy water reactor and restated that Iran would not relinquish its right to nuclear technology. Then, on August 31, the IAEA reported to the Security Council that Iran was continuing to enrich small amounts of uranium—and, perhaps more importantly, that traces of highly enriched uranium, which did not match the markers of Pakistani uranium previously found, had been discovered. With the August 31 deadline having passed, the United Nations Security Council members now have to decide how to proceed, and whether or not to impose either (so-called) soft or hard sanctions on Iran.

Looking Forward

As of this writing, in late November 2006, the outcome remains indeterminate. There was some optimism in late September that a breakthrough might be achieved. In a press conference while in New York to attend the General Assembly meeting, Ahmadinejad said Iran might consider suspension of enrichment if it received fair guarantees from the international community. And a Washington Times report dated September 26 suggested that Iran had agreed to a 90-day suspension of enrichment in order to pave the way for formal negotiations.24 It was during this brief window that Russia finalized the agreement (September 2006) to supply fuel to Bushehr in March 2007. The justification for the new agreement attempted to link it with the ongoing negotiations and underscored Russia’s role as mediator. In explaining the delivery deal, Sergei Lavrov maintained that “[t]he quality of our cooperation in Bushehr is a very important anchor, which holds Iran to the nonproliferation regime.”25

Unfortunately for Russia, that optimism was short-lived. EU negotiator Javier Solana and Iran’s chief nuclear negotiator, Ali Larijani, met in Berlin on September 27, 2006, but the talks ended inconclusively. Still at issue is the sequencing of an Iranian moratorium vis-à-vis the opening of formal negotiations, and whether or not there will be full-scale IAEA verification of any possible cessation of enrichment. On October 2, an Iranian government spokesman reiterated that Iran would continue the negotiations, but would not suspend enrichment. The official EU response was that talks would continue, but not indefinitely. In a statement to the press, Solana noted that “Iran has made no commitment to suspend… This dialogue I am maintaining cannot last forever. And it is up to the Iranians now to decide whether its time has come to an end.”26

As the EU-Iranian negotiations remained stalemated, Teheran attempted to use Moscow as an intermediary. At a meeting in Iran between Russian Security Council head Igor Ivanov and Ali Larijani, the latter praised Russia for its help in the negotiating process, and Ivanov emphasized that “Russia will do whatever possible to make negotiations work.”27 But it is one thing for Moscow to position itself as an intermediary, and quite another for it to find itself stuck—uncomfortably—in the middle. The danger for Russia is that as discussions about sanctions continue, Moscow will again find itself in the unenviable position of choosing between completion of Bushehr and being seen as a responsible member of the international community. Moreover, Security Council deliberations could force Moscow to abandon its newly sought after role of mediator between the West and Iran.

Going forward, how Russia handles its Iran problem would seem to depend on the frame through which it views developments. If the Iranian nuclear question is viewed as part of its management of Russian–United States relations, then Russian policy will likely continue on its current, somewhat ambiguous trajectory. Russia’s ties with Iran represent a means of establishing its foreign policy independence from the U.S. and of countering the Bush administration’s unilateralism in the Middle East. Even before the latest failed negotiations, Russia’s short-term goal was to ensure that regime change in Iran was not on the international agenda. Achieving this goal would allow Moscow to save face to some degree. In a major speech celebrating the anniversary of the Moscow State Institute for International Relations (MGIMO), Foreign Minister Lavrov made this clear:

The conversation is not about the fate of Iran. The fate of Iran is in the hands of the Iranian people. We are talking about the fact that we want to secure the unshakeable nuclear weapons nonproliferation regime, while also respecting the rights of every country participating in the nonproliferation accord to the peaceful development of nuclear energy… By what methods we will achieve these goals—this is a question we are
now discussing. We will allow a multitude of options, but only those which will lead us to our goal . . . [and] not prevent us from reaching it.\textsuperscript{28}

Longer-term, if Moscow views the Iranian nuclear program through a Gulf or Middle East regional frame, then certain dangers become apparent. Clearly, Iran’s ambitions to be a regional superpower—possibly one with a nuclear weapons capability—constrain Moscow’s maneuverability. Even if Moscow successfully uses its ties with Iran to curb U.S. unilateralism and to reestablish itself as a major Middle East player, the dangers that an emboldened and nuclear-armed Iran would present to Moscow are many. For one thing, as a reinvigorated regional power, Iran could begin to exercise increased influence over the Muslim regions of the former Soviet Union. An even greater danger, perhaps foreshadowed by the war between Hezbollah and Israel, would be an emboldened Iran seeking a role in the wider Middle East.

On this score, there are some indications that there may be some limits to Moscow’s patience with Teheran. Even Vladimir Putin, in a meeting in early September, noted that because Iran has in its Constitution the sworn destruction of other states, Russia asks the Iranians “to consider some alternatives.”\textsuperscript{29} And most seriously, Iranian acquisition of nuclear weapons might precipitate a preemptive attack by the United States; such a scenario has apparently been discussed in Washington despite the ongoing conflict in Iraq. Given Russia’s long-term interests in Iran—as a means of burnishing Russia’s international prestige and as a lucrative market for arms and nuclear technology—any military action again Iran, or regime change wrought by the U.S., would represent a huge defeat for Moscow.

On December 23, 2006 the UN Security Council passed a mild sanctions resolution against Iran. It bans the import and export of materials and technologies used in uranium enrichment and freezes the assets of certain companies and individuals alleged to be involved in Iranian missile development. However, the Council eliminated a mandatory travel ban and exempted Russia’s Bushehr nuclear reactor from the sanctions. Vitaly Churkin, Russia’s UN ambassador, expressed “satisfaction” with the wording of the resolution; yet, he lamented the fact that even this mild sanctions regime was required. Russia was thus able to delay for the time being choosing between its ties to Iran and its relationships with the other members of the Security Council.\textsuperscript{30}

Clearly, Russia would like to protect its stake in Bushehr, ensure its access to the Iranian arms market, and secure its reemergence as a world power with a voice on major international issues. How long it can do all three is an open question. In the end, Russia’s Iranian dilemma remains: In the words of Oleg Grinevsky, former Soviet diplomat and expert on the Middle East, Russia has to decide what is more important: “a few billion dollars, or the threat of nuclear-armed Islamic extremism on [Russia’s] southern borders.”\textsuperscript{31}

\textbf{Endnotes}


3 “Russia seeks to expand its global clout by reaching out to rogue regimes,” \textit{AP Worldstream}, February 10, 2006.


5 See the interesting commentary on the sale by Aleksandr Golts, “A Developing Rogue State,” \textit{The Moscow Times}, December 6, 2005, p. II. Golts concludes that if Russia continues these types of sales it risks being itself considered a rogue state.


8 \textit{As reported in RFE/RL Iran Report, vol. 6, no. 24, June 9, 2003.}*

9 It should be noted that there were tense negotiations until the last moment; the final signing was even delayed a day. Earlier, Putin reportedly told President Bush, while in Bratislava, that all nuclear cooperation with Iran would be suspended if Iran failed to return all of its spent fuel. See, for example, Andrei Terekhov and Andrei Vaganov, “The Bushehr Nuclear Reactor Going into Operation with Russia’s Support,” \textit{Nezavisimaiia gazeta}, February 28, 2005, p. 1, p. 6.

10 RIA Novosti, “Russia Urges Iran to Act Prudently,” August 9, 2005.


12 ITAR-TASS, September 20, 2005, as reported by BBC Monitoring International Reports.

13 RIA report, September 27, 2005, as reported by BBC Monitoring International Reports (emphasis added).
As reported in BBC Monitoring International Reports, “Russia Has Nothing to Lose on Iran Bid—Senior MP,” February 14, 2006.

Agence France Presse, “Russia will Seek to Stay Iran Uranium Enrichment: FM,” January 10, 2006.


As cited in Carol Giacomo, “EU, Iran Reported Close to Deal for Nuclear Talks,” Reuters, September 26, 2006.


See for example “Russia Satisfied with UN Resolution on Iran,” Agence France Presse, December 24, 2006.


* Weblinks are available in the PDF version found at www.brandeis.edu/centers/crown
Moscow’s Iranian Policies: Opportunities and Dangers

Dr. Carol R. Saivetz

Recent Middle East Briefs:
Available on the Crown Center website
http://www.brandeis.edu/centers/crown


