

Iran's 'Pivot' to Asia

Quest for Survival and Regional Cooperation

Deepika Saraswat



MANOHAR PARRIKAR INSTITUTE FOR
DEFENCE STUDIES AND ANALYSES

मनोहर पर्रिकर रक्षा अध्ययन एवं विश्लेषण संस्थान

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INTRODUCTION

Iran first adopted the 'Look East' strategy under President Mahmoud Ahmadinejad (2005-2013) to gain support from Russia and China on Iran's nuclear issue in the UN Security Council and to cope with the international economic sanctions by strengthening ties with non-Western countries. For the hardliner Ahmadinejad administration, the 'East' was imagined as an ideological-geographical sphere challenging the Western international order. Given that the United States was seen as the primary threat and Iran faced isolation from Arab allies of Washington, Iranian leaders have sought to de-emphasise their country's 'Middle East' identity. They have viewed the geographical concept of the 'Middle East' as a historically Eurocentric regional construct. Instead, they choose to call the region as West Asia, while East has become synonymous with Asia.¹ As Shireen Hunter notes, Iran's desire to "find a home for itself in Asia" comes from its experience of identity isolation vis-a-vis its Sunni-Arab neighbours because of Iran's Persian and Shi'i character and the challenge posed to its role by Turkey's pan-Turkism in post-Soviet Central Asia.² Iran, therefore, hopes that the emergence of pan-Asian identity and intra-regional/continental cooperation would help mitigate its ethnic and cultural isolation in the region while creating a more balanced and equitable international order. Iranian elites also perceive Iran's geographical centrality in Eurasia as the link between

¹ Mohammadbagher Forugh, "Iran as a 'Civilizational Crossroads' in the Belt and Road Geography," in Florian Schneider (ed.), *Global Perspectives on China's Belt and Road Initiative*, Amsterdam University Press, Amsterdam, 2021, pp. 301-302.

² Shireen Hunter, *Iran's Foreign Policy in the Post-Soviet Era*, Praeger, Santa Barbara, 2010, p.117.

the Persian Gulf and the Caspian Sea and seek to revive Iran's historical role in the East-West Silk Roads.³ Therefore, the 'Look East' strategy has a geo-economic thrust, especially towards realising Iran's geographical advantages in integrating with the regional economy, non-Western energy, capital and technology markets, and seeking alternatives to oil revenue by enhancing Iran's transit role in regional connectivity.

In 2018, when then US President Donald Trump unilaterally withdrew his country from the nuclear agreement, formally known as the Joint Comprehensive Plan of Action (JCPOA), Iran's Supreme Leader, Ayatollah Ali Khamenei, who is responsible for setting the directions of the national security and foreign policy of the country, advised President Hassan Rouhani to avoid dependence on the West. He stated that 'in foreign policy, top priorities for us today include preferring the East to the West, preferring the neighbouring countries and others that share in our goals.'⁴ Subsequently, the Rouhani administration framed Iran's outreach to China and Russia in terms of defending multilateralism against US unilateralism. In addition, it focused on resolving issues with Iran's neighbours in Central Asia and the Caspian Sea region. On the sidelines of the Shanghai Cooperation Organisation (SCO) Summit in June 2018 in Qingdao, Rouhani paid a working visit to China, where Beijing extended support for Iran's entry as a full member.⁵

Under President Ebrahim Raisi, especially after Iran's SCO membership was approved at the Dushanbe summit in 2021, Iran's 'Look East' policy was redefined to focus on participating in Asian regionalism

³ Mehdi Sanaei and Fatemeh Atri Sangari, "Iran and Regional Convergence in Eurasia" *Middle East Policy*, February 2023, 30(1), pp. 48-61.

⁴ "Preference for East over West is priority for Iran: Ayatollah Khamenei", *Khamenei.ir*, 18 February 2018 at <https://english.khamenei.ir/news/5481/Preference-of-East-over-West-is-a-priority-for-Iran-Ayatollah>. (Accessed on 13 February 2024).

⁵ Javad Heirannia and Maryam Khormaei, "Beijing supports full membership of Iran in Shanghai Cooperation Organization: Ambassador", *Tehran Times*, 28 October 2018 at <https://www.tehrantimes.com/news/429040/Beijing-supports-full-membership-of-Iran-in-Shanghai-Cooperation>. (Accessed on 16 February 2024).

and 'Asian multilateralism.' Raisi's emphasis on an Eastern Strategy also stemmed from an ideological shift in Iran's domestic politics, marked by a conservative consolidation of power and the delegitimisation of diplomacy with the US. On the eve of the 2021 presidential election, Supreme Leader Ayatollah Khamenei stated that those urging the country and the revolution to "normalise" themselves—meaning to align more closely with international norms—were essentially rejecting revolutionary principles in the name of transformation.⁶ This was a nod to the Principalists, whose support for an "Eastern Strategy" arises from their ideological antagonism towards the West and suspicion of the reformists' and moderates' emphasis on engagement with Europe and the United States. At the same time, a mix of pragmatic and systemic factors, such as the need to counter Western pressures and respond to the power transition in the international system, also came to define Raisi's foreign policy of 'Asia orientation.' In this context, Iran's pursuit of long-term bilateral strategic partnerships with China and Russia has been aimed at advancing Iran's broader geo-economic goals of integrating into and attempting to shape the emerging regional order in Eurasia.

LOOK EAST 2.0: IRAN'S DEEPENING TIES WITH CHINA AND RUSSIA

Ahmadinejad's successor, Hassan Rouhani, prioritized normalization of Iran's relations with the West by favouring ideological moderation and diplomacy to resolve the nuclear issue. After US President Donald Trump's withdrawal from the nuclear agreement in 2018 and the sanctions-based 'maximum pressure' campaign against Iran, along with European countries' ineffectiveness in creating mechanisms to safeguard their economic ties with Iran, Rouhani turned to Look East as a 'survival

⁶ "Only those who believe in the people and youth and who pursue justice should hold executive power", *Khamenei.ir*, 11 May 2021 at <https://english.khamenei.ir/news/8493/Only-those-who-believe-in-the-people-and-youth-and-who-pursue> (Accessed on 12 February 2024).

strategy.⁷ Framed under directives from the Supreme Leader Ayatollah Khomeini, this strategy aimed to strengthen Iran's economic and infrastructural ties with its neighbours, China, Russia, and India. Unlike the Ahmadinejad era, the moderate Rouhani administration did not see 'Look East' as an anti-Western policy. Instead, Rouhani framed Iran's eastern outreach in terms of defending multilateralism against US unilateralism. Given that China was engaged in a trade war with the US, Beijing showed greater willingness to undermine the US 'maximum pressure' and efforts to isolate Iran. In the wake of signing the Iran-China 25-year Comprehensive Cooperation Plan in March 2021, Iranian elites placed greater emphasis on the systemic drivers of Look East, namely the shifting balance of the global political economy towards Asia and the opportunities it presents to Iran. In other words, Iran formulated its Look East strategy based on long-term structural changes in the international system. Soon after signing the 25-year agreement with China in early 2021, Iran and Russia began negotiating a new 10-year Comprehensive Strategic Partnership agreement providing a roadmap for political, security, military, and economic cooperation. The 2001 Treaty on the Bases of Mutual Relations and Principles of Cooperation between Iran and Russia, after completing 10 years, was extended for two five-year terms, extending its expiry date until 2026. Raisi, during his visit to Moscow in January 2022, presented President Putin with a draft document on strategic partnership.⁷ In September 2024, in the run-up to Iranian President Masoud Pezeshkian's visit to Russia to attend the BRICS summit, Putin authorised the signing of a Comprehensive Strategic Partnership Agreement with Iran.⁸

⁷ "Russia's president approves proposal for signing strategic partnership agreement with Iran", *PressTV*, 18 September 2024 at <https://www.presstv.ir/Detail/2024/09/18/733549/Russia-Iran-strategic-partnership-agreement-Putin> (Accessed on 19 December 2024).

⁸ "Russia signals upcoming signing of strategic partnership accord with Iran", *Amwaj Media*, 19 September 2024 at <https://amwaj.media/media-monitor/russia-signals-upcoming-signing-of-strategic-partnership-accord-with-iran> (Accessed on 20 January 2024).

With China in strategic competition with the United States and Russia engaged in a confrontation with the North Atlantic Treaty Organization (NATO), Beijing and Moscow see closer ties with Iran as critical to increasing pressure on the US in West Asia. Iran, for its part, has sought greater Russian and Chinese presence in the region to manage its security dilemmas and balance the United States.⁹ The most visible success of these efforts was the trilateral exercises by the naval forces of China, Iran and Russia in the Gulf of Oman in December 2019. Though focused on anti-terrorism, anti-piracy training and rescue missions near key global shipping lanes, the fact that exercises have become an annual feature indicates that the three countries have a shared interest in challenging the predominant US role in maritime security in the Western Indian Ocean.¹⁰

To realise the geo-economic potential of its favourable geographical location and endowment of energy resources, the Raisi administration favoured a multifaceted strategy of engaging with Russia's Eurasian Economic Union, China's Belt and Road Initiative (BRI), and the International North-South Transport Corridor (INSTC), where both Russia and India are key members. Given China's growing economic engagements with the Persian Gulf States, Iran has been seeking to deepen its partnership with China, especially Iran's role in China's BRI. By integrating with different trade and transport corridors, Iran hopes to deepen its ties with neighbours in the Persian Gulf, the Caucasus, and Central and South Asia, while playing the role of an independent regional power in fostering a multipolar and geopolitically balanced Asia.¹¹

⁹ Mohsen Shariatnia and Hamed A. Kermani, "Iran, China and the Persian Gulf: An unfolding engagement", *Global Policy*, 14, 2023, pp.36-45

¹⁰ "China wraps up navy drills with Russia, Iran in Gulf of Oman amid renewed diplomacy", *South China Morning Post*, 23 March 2023 at <https://www.scmp.com/news/china/military/article/3214564/china-wraps-navy-drills-russia-iran-gulf-oman-amid-renewed-diplomacy> (Accessed on 22 December 2023).

¹¹ Masoud Hamyani, "Iran and SCO: Embracing a Eurasian Identity Part 2", Institute for Political and International Studies, 25 January 2022 at <https://www.ipis.ir/en/subjectview/667642/iran-and-sco-embracing-a-eurasian-identity-part-2> (Accessed on 12 June 2024).

IRAN'S SCO MEMBERSHIP AND NARRATIVE OF 'ASIAN MULTILATERALISM'

Under Ebrahim Raisi, Tehran made renewed efforts towards securing membership in regional and non-Western multilateral institutions such as the SCO and the BRICS bloc of emerging economies. Tehran's strategy in embracing multilateralism at the international and regional level, aims to position Iran better in the non-Western multilateral global order. Iran's entry into the SCO as the ninth member in 2021, was transformative, giving an institutional form to Iran's hitherto episodic Eurasian engagement.¹² It was for the first time since its withdrawal from the Central Treaty Organization following the Islamic Revolution, that Iran joined a regional organisation of a defence-security nature alongside other major powers. In his address at the Dushanbe summit, President Raisi emphasised the SCO's role in terms of the restoration of Asia's "historical cohesion":

"This region has had a great cohesion throughout history, and the restoration of this cohesion is one of the features of the Shanghai Pact and emphasised by the Islamic Republic of Iran. Asia is a land rich in civilisations and values. Asia's role on the international stage requires maintaining harmony between its nations and civilisations."

From Tehran's perspective, a major achievement of the SCO, which during its first decade and a half focused on Russia, China, and four Central Asian Republics, is its role in stabilising Central Asia and restoring

¹² Vali Kaleji, "What Iran's Shanghai Cooperation Organization Membership Really Means", *The National Interest*, 28 November 2021 at <https://nationalinterest.org/feature/what-iran%E2%80%99s-shanghai-cooperation-organization-membership-really-means-197047>. (Accessed on 6 October 2023).

¹³ Ted Snider, "With SCO membership, is Iran coming out of deep freeze?", *Responsible Statecraft*, Quincy Institute for Responsible Statecraft, 15 September 2022 at <https://responsiblestatecraft.org/2022/09/15/with-sco-membership-is-iran-coming-out-of-deep-freeze/> (Accessed on 12 June 2024).

the region's historical function in facilitating pan-Asian overland trade. For Tehran, the SCO provides a framework of institutionalised cooperation to enhance trade and economic links with its Central Asian neighbours, China, Russia, and India.¹³ Iran also saw its SCO membership as a crucial accomplishment for overcoming isolation at the global level and fighting the US unilateral sanctions as a group. In his address at the SCO summit, Raisi called sanctions the “key obstacles to promoting regional harmony” and called for designing “mechanisms for collective confrontation with unilateral sanctions in the framework” of the organisation. Raisi has criticised his predecessor Hassan Rouhani for linking Iran's SCO membership to legislative measures necessary for Iran's removal from the Financial Action Task Force blacklist. During his election campaign, Raisi called it ‘the enemies’ convention’ given that it does not accept Iran's position that it was wrong to list certain groups such as Hezbollah as ‘terrorists’.¹⁴ Instead, the Raisi administration hoped that membership in the SCO would expand the use of national currencies in bilateral trade settlements and facilitate Iran's integration with alternative payment clearing and settlement systems created by Russia and China.

Iran has also advocated multilateral cooperation among regional actors to address the regional security challenges after the US military withdrawal from Afghanistan. Iran's narrative of ‘Asian multilateralism’ emphasises regional autonomy and cooperation among regional countries as prerequisites for regional peace. Iran favours regional multilateralism and a collective approach to security and development issues in the region as an alternative to the arrangements led by great powers.¹⁵

¹⁴ “Financial ‘Noose’ of FATF divides Iran Presidential Candidates”, *Iran International*, 6 June 2022 at <https://old.iranintl.com/en/fatf-regulations> (Accessed on 12 June 2024).

¹⁵ Ralph Emmers, ‘The Role of Middle Powers in Asian Multilateralism’, *Asia Policy*, 13(1), 2018, pp. 42-47; Sarah Teo, ‘Middle powers amid Sino-US rivalry: Assessing the ‘Good Regional Citizenship’ of Australia and Indonesia’, *The Pacific Review* 35(6), 2022, pp. 1135-1161.

IRAN'S APPROACH IN CENTRAL ASIA AND THE CAUCASUS

In contrast to the counter-hegemonic posture Iran maintains in West Asia, it has eschewed a revisionist power-projection strategy in Central Asia and the Caucasus. Following the disintegration of the Soviet Union and the emergence of the US unipolarity, Iran followed a conservative approach based on a tacit acknowledgement of Russia's security role in the region and maintaining the status quo in its northern borders. Russia and Iran have convergent interests in limiting the Western security role/presence, especially the eastward expansion of the North Atlantic Treaty Organization (NATO) or the European Union (EU). To limit the influence of the West in Iran's neighbouring regions, Tehran has favoured a regionalist and multilateral approach to resolve the region's security problems and advance regional connectivity and cooperation. Iran's pursuit of functional cooperation, especially in transport, transit, and energy flows with its neighbours in Central Asia and the Caspian region, has seen some progress. However, it has also encountered competition from projects involving rivals from the EU, Turkey, and others.

As Iran prioritises a neighbourhood policy, it also must navigate the changes in the South Caucasus and Central Asia. Tehran traditionally followed a balanced approach in the dispute between Azerbaijan and Armenia over Nagorno-Karabakh. Azerbaijan's military victory in the Second Karabakh War in 2020 substantially challenged the status quo in Iran's northern borderlands. The shift in the regional balance of power, favouring Azerbaijan and Turkey, has security implications for Iran. It poses new challenges for Iran's role in regional transit and connectivity. The rising influence of Turkey and its rhetoric of pan-Turkism has led Iranian policymakers to correct their 'strategic negligence' towards the region, namely, how the centrality of the Persian Gulf in Iran's regional policy had marginalised its northern region.¹⁶

¹⁶ Vali Golmohammadi and Hamidreza Azizi, 'The South Caucasus in the Regionalism of Iran's Foreign Policy,' *Journal of Central Eurasia Studies*, 15 (1), Spring & Summer 2022, pp. 281-305.

Iran has struggled to adjust to the rapid changes by advocating a regional multilateral approach in consultation with Russia. However, the policy became increasingly unsustainable after Russia's invasion of Ukraine led it to adopt a more accommodative approach towards Turkey and Azerbaijan. As Baku and Ankara have pushed for a new 'strategic corridor' connecting Azerbaijan and the Nakhchivan Autonomous Republic, an Azeri enclave separated from mainland Azerbaijan by a strip of Armenian territory, Iran's most important concern is to ensure the integrity of its 44 km border with Armenia. From Iran's perspective, Armenia is the strategic bulwark separating Turkey from the Turkic-speaking Caucasus and Central Asia and, therefore, key to containing the Turkish project of pan-Turkic solidarity across Eurasia.

In Central Asia, a new generation of leaders, especially in Uzbekistan and Kazakhstan, has initiated a new era of domestic reforms and greater regional cooperation. Tashkent has prioritised resolving issues with neighbours and boosting regional economic connections and integration. Amid the disruption in international trade and transport routes caused by the Russia–Ukraine War and Western sanctions on Russia, Central Asian States have been more willing to engage Iran to diversify transport routes via Iran, protecting their countries' position in the East–West transit.¹⁷ Similarly, Russia has also made a renewed push to develop the International North–South Transport Corridor (INSTC), especially along the trans-Caspian route. However, Iran must navigate competition from several rival actors, including Turkey, Pakistan, and Uzbekistan, who seek to enhance their position as a connectivity hub in Eurasia.

This monograph attempts to analyse Iran's Look East strategy, which became the macro framework of Iran's foreign policy after the US withdrawal from the nuclear deal in 2018 and more effectively under President Ebrahim Raisi. It focuses on the following research questions:

¹⁷ Deepika Saraswat, "Iran's Central Asia Policy Gains Momentum amid Russia–Ukraine War", MP-IDSA Issue Brief, 19 July 2022 at <https://www.idsa.in/issuebrief/iran-central-asia-policy-gains-momentum-dsaraswat-190722> (Accessed on 15 May 2024).

1. What are the geopolitical and economic drivers of Iran's pursuit of long-term partnerships with China and Russia?
2. How is Iran's regional policy responding to the new geopolitical dynamics in Central Asia and the Caucasus following the US withdrawal from Afghanistan, Russia's invasion of Ukraine and Azerbaijan's victory in the second Nagorno-Karabakh War?
3. What are Iran's opportunities and challenges in realising its role in transit and transport corridors in Eurasia?
4. How and why did Iran under Hassan Rouhani and Ebrahim Raisi's administration prioritise 'regional multilateralism' in its foreign policy narrative and practice?
5. What are the problems in India-Iran ties, and what are the prospects, especially in the context of Iran's Look East strategy?

IRAN-CHINA RELATIONS: UNREALIZED POTENTIAL

Over the last four decades, Iran has been challenging the US-led regional security architecture in the Persian Gulf.¹⁸ Iran's regional policies and international concerns over its nuclear programme have resulted in its isolation at both regional and international levels. Tehran, therefore, took a positive view of the economic rise of China, its growing role in West Asia and the creation of non-Western multilateral institutions. Iranian leaders have long hoped that once the dynamics of the great-power rivalry with the US determine Beijing's approach to the Middle East, Iran will be uniquely positioned to deepen ties with China. Since China has sourced half of its energy imports over the last three decades from the Persian Gulf, where the US remains the dominant security actor, Iran has projected itself as Beijing's most reliable energy partner. Further, the region is host to three strategic maritime chokepoints: the Strait of Hormuz, Bab el-Mandeb, and the Suez Canal, routing China's trade to the region and on to Europe and Africa. As a result, Beijing is increasingly taking a greater interest in security dynamics in the region. Iran, as a key regional power and security actor, welcomes a greater Chinese security footprint in the region primarily as a counterweight to the United States.¹⁹

¹⁸ Mohsen Shariatnia and Hamidreza Azizi, "Iran-China Cooperation in the Silk Road Economic Belt: From Strategic Understanding to Operational Understanding," *China & World Economy*, 25 (5), 2017, pp. 46–61.

¹⁹ Sara Bazoobandi, "Iran's Strategies in Response to Changes in US-China Relations", *Middle East Policy*, 31(1), 2024, pp.120-132.

Over the last decade, since the Chinese President announced the Belt and Road Initiative in 2013, China has been expanding its geo-economic and strategic footprint in the Persian Gulf region and wider West Asia. China's growing strategic influence in the region, especially the advancement of China-GCC relations, is seen in Tehran as Beijing pushing back against the US-led security structure of the region.²⁰ Despite Tehran's insistence that it was Riyadh that got China involved in the last stages of security talks that culminated in the restoration of diplomatic ties between Iran and Saudi Arabia, the Chinese role gelled with Tehran's desire to demonstrate that the US and its Western allies no longer shape the regional dynamics in West Asia. By seeking a long-term cooperation roadmap for strategic partnership with China under the 25-year comprehensive 'strategic partnership' agreement and revising its approach towards its Gulf neighbours, Iran hopes to become a key node in China's emerging network of influence in Asia. Further, Tehran has a keen interest in joining non-Western regional and multilateral institutions where China plays a key role, including the SCO and BRICS—the group of emerging economies Brazil, Russia, India, China and South Africa.

This chapter elucidates the geo-economic and geopolitical drivers of Iran's pursuit of long-term strategic cooperation with China. It seeks to demonstrate that, notwithstanding the narrative of growing Iranian dependence on China, Iran's China outreach is framed as a subset of a broader Iranian strategy of maximising opportunities to raise Iran's geo-economic standing in the region and counterbalance the United States. However, China has remained cautious in expanding economic ties with Iran, especially when compared with the Chinese economic footprint in key US allies in the region, namely Saudi Arabia, the UAE and Egypt.

IRAN IN CHINA'S 'NEW SILK ROADS': EXPECTATION- REALITY GAP

Iran's geographical location straddling the Persian Gulf makes it a crucial land bridge to the Eurasian interior along the north-south axis. At the

²⁰ Ibid.

same time, Iran has historically played the role of the crossroads between Asia and Europe in an east-west direction. Yet, in the face of the US policy of isolating Iran through sanctions and securitisation as a 'sponsor of terror' and continued Western sanctions over the long-standing nuclear issue, Iran has struggled to realise its geo-economic potential. In 2013, Chinese President Xi Jinping, during a visit to Kazakhstan, announced 'One Belt One Road' (later re-branded Belt and Road Initiative [BRI]) comprising the 'Silk Road Economic Belt' and the 'Twenty-First-Century Maritime Silk Road, as part of the One-Belt-One Road. Under the initiative, Beijing promised investment to revive the ancient Silk Road(s) connecting Asian, European, and African countries.²¹ In light of the new dynamism brought about by the BRI, the Iranian administrations have sought to boost Iran's role in regional transit in the Eurasian connectivity landscape. For China, a key goal of the BRI has been to develop a secure overland connectivity infrastructure for accessing the European markets, which will not be under US influence. In China's BRI discourse, Silk Road tropes of connectivity and cooperation downplayed the geopolitical underpinnings. In Iranian strategic circles, the BRI is seen as a favourable development at the 'macro-level' for promoting transcontinental connectivity across Eurasia and a parallel global economic system outside Washington's control. Iranian officials from the Rouhani and Raisi administrations have drawn on the 'New Silk Roads' narrative to emphasise a vision of inter-regional infrastructure connectivity and Iran's geographical centrality in linking China's westward overland connectivity from Central to West Asia to the Mediterranean Sea. Also, Iran saw opportunities to seek Chinese investment in upgrading its logistical infrastructure, enhancing connectivity with neighbouring countries, and raising its strategic value for China.²²

²¹ "President Xi Jinping Delivers Important Speech and Proposes to Build a Silk Road Economic Belt with Central Asian Countries", Consulate General of People's Republic of China in Toronto, 7 September 2013 at http://toronto.china-consulate.gov.cn/eng/zgxw/201309/t20130913_7095490.htm (Accessed on 13 February 2024).

²² Shahram Akbarzadeh, 'Iran and the Shanghai Cooperation Organization: Ideology and Realpolitik in Iranian Foreign Policy', *Australian Journal of International Affairs*, 69 (1), 2015, pp. 88-103.

During President Xi Jinping's visit to Iran in 2016, the two countries inked a Comprehensive Strategic Partnership, the highest level in the hierarchy of Chinese partnership diplomacy. At that time, Iran also signed the "MOU on Jointly Promoting the Silk Road Economic Belt and the 21st Century Maritime Silk Road" and the "MOU on Reinforcement of Industrial and Mineral Capacities and Investment", aimed at expanding cooperation and mutual investments in various sectors including transportation, railways, ports, energy, industry, commerce and services.²³ However, Chinese investment in Iran has been less than satisfactory from the Iranian perspective, compared to the political, economic, and military ties that its Gulf neighbours enjoy with Beijing.²⁴ Given the risk of US secondary sanctions, Beijing is reluctant to carry out mega investments in Iran.

In 2017, the head of the Central Bank of Iran, Valiollah Seif, led a delegation to Beijing, where he signed several agreements with China's top financial institutions, which promised US\$35 billion in financing and loans to support Iran's economy. The CITIC Group, a Chinese State-owned investment firm, agreed to a credit line of \$10 billion to finance water, energy and transport projects under the BRI.²⁵ Subsequently, China emerged as the leading investor in transportation projects, especially in developing railways in Iran. To enhance the speed and capacity of its railways, Iran prioritized the electrification of its railway lines, starting with the 926 km Tehran-Mashhad line. China National Machinery Import and Export Corporation, a Chinese State-owned enterprise, signed a credit agreement and formed a consortium with Iranian companies to provide the construction equipment and fleet for the electrification project on a build-operate-transfer model.²⁶

²³ "Full text of Joint Statement on Comprehensive Strategic Partnership between Islamic Republic of Iran, People's Republic of China", President, Islamic Republic of Iran, 23 January 2016 at <https://president.ir/en/91435> (Accessed on 15 February 2024).

²⁴ Lucille Greer and Esfandiyar Batmanghelidj, "Last Among Equals: The China-Iran Partnership in a Regional Context", Wilson Center, September 2020 at https://www.wilsoncenter.org/sites/default/files/media/uploads/documents/MEP_200831_OCC%2038%20v3%20%281%29.pdf (Accessed on 19 November 2024).

The State-owned China Railway Engineering Corporation also agreed to construct a 415-km high-speed rail line between Tehran and Isfahan via Qom. In 2021, two years after signing a contract with Iran's railways, China quit the Tehran-Mashhad line electrification project.

When President Ebrahim Raisi visited China in February 2023, a key focus was accelerating the implementation of the 25-year strategic partnership. The two sides signed agreements on transportation and industry worth \$12 billion and \$3.5 billion, respectively. Among the proposed joint projects was the high-speed rail link between Tehran and Mashhad and investment in the Imam Khomeini Airport City.²⁷ Even as Iran continues to welcome Chinese firms to participate in these megaprojects, the return of the US sanctions on Iran and Tehran's non-compliance with international standards on anti-money laundering and counter-terrorism and blacklisting by the Financial Action Task Force (FATF), are cited as common reasons why Chinese investment in Iran has lagged behind even smaller nations like Bahrain.²⁸

BRI AND IRAN'S CONNECTIVITY TO THE MEDITERRANEAN

In November 2017, Iran-backed Syrian security forces, along with their Iraqi allies, in a major offensive against ISIS, took control of the

²⁵ "Belt & Road Initiative expands China-Iran cooperation", Tianjin Commission of Commerce, 28 January 2019 at https://shangwuju.tj.gov.cn/en/CoastalInfo/202005/t20200520_2506996.html (Accessed on 22 November 2024).

²⁶ "China quits Tehran-Mashhad railway electrification project", *Mehr News* at <https://en.mehrnews.com/news/168894/China-quits-Tehran-Mashhad-railway-electrification-project> (Accessed on 12 June 2024).

²⁷ "Iran, China call for strengthening defence affairs and countering terrorism", *IRNA News*, 17 February 2023 at <https://en.irna.ir/news/85033181/Iran-China-call-for-strengthening-defense-affairs-and-countering> (Accessed on 13 June 2024).

²⁸ Umud Shokri "Obstacles and opportunities for closer Iranian-Chinese economic cooperation", Middle East Institute, 23 June 2023 at <https://www.mei.edu/publications/obstacles-and-opportunities-closer-iranian-chinese-economic-cooperation> (Accessed on 22 June 2024).

al-Bukamal area near the Iraqi border.²⁹ Iraqi security forces had recaptured Al-Qa'im on the Iraqi side in September 2017. Soon after, Iran tried to leverage its geopolitical influence and envisaged a trade and transport corridor from the Persian Gulf to Syria and Lebanon on the Mediterranean coast. Notably, in 2019, Iran and Syria agreed to connect the southwestern Iranian port of Imam Khomeini to Syria's Latakia port via a railway line through Iraq. Around the same time, Iran and Iraq began discussing plans to complete the long-planned 32 km railway line connecting Shalamchah in Iran's southwest to Basra in Iraq.³⁰ In December 2021, then-Iranian Minister of Transport and Urban Development Rostam Qasemi visited Baghdad to sign a MoU for the joint implementation of the Shalamchah-Basra railway.³¹ Iraqi and Syrian officials have had separate discussions on extending the railway from Al-Qaim to Al-Bukamal to Homs and Al-Sharqiya inside Syria, covering a total distance of 270 kilometres to the Port of Tartus overlooking the Mediterranean.³²

Tehran also drew Beijing's attention to this southern land route for the China-Central Asia-West Asia Corridor of the BRI via Iraq and Syria.³³ After the US combat mission ended in Iraq in 2020, China stepped up its energy and infrastructure investment in the country. In 2021, Iraq

²⁹ Hamidreza Azizi, "Iran's Multi-Faceted Strategy in Deir ez-Zor", German Institute for International and Security Affairs, 27 March 2020 at https://www.swp-berlin.org/publications/products/comments/2020C15_DeirEzZor.pdf (Accessed on 22 June 2024).

³⁰ "Iran-Syria port and maritime co-op on the rise", *Tehran Times*, 25 June 2021 at <https://www.tehrantimes.com/news/462382/Iran-Syria-port-and-maritime-co-op-on-the-rise>. (Accessed on 21 June 2024).

³¹ "Iran, Iraq ink deal on completing Shalamchah-Basra railway", *Tehran Times*, 27 December 2021 at <https://www.tehrantimes.com/news/468488/Iran-Iraq-ink-deal-on-completing-Shalamchah-Basra-railway> (Accessed on 13 June 2024).

³² "Iraq and Syria discuss railway link", *Zawya*, 9 June 2022 at <https://www.zawya.com/en/projects/construction/iraq-and-syria-discuss-railway-link-n5pgbzws> (Accessed on 01 June 2024).

³³ Ibid.

was the top destination for China's BRI investment, receiving \$10.5 billion, focusing on energy and infrastructure projects.³⁴ Iran, which has influence over both the Iraqi government and societal actors, seeks to minimise the US economic and security presence in Iraq. Tehran has welcomed growing Chinese investments in the country. In 2019, then Iraqi Prime Minister Adel Abdul Mahdi, during a visit to China, signed an 'oil for reconstruction' agreement under which oil revenues will be put in a joint-investment fund to be utilised for key infrastructure projects to be carried out by Chinese firms. In subsequent years, widespread protests over unemployment, environmental degradation and overall governance deficit in Iraq have led to a drastic deterioration in investment and security environment, forcing major Western international oil companies to exit Iraq, often selling their stakes to Chinese companies.³⁵ Chinese companies, usually willing to accept lower profit margins than their rivals, work as primary or subcontractors at 15 oil fields in southern Iraq.³⁶ From Iran's perspective, Chinese investment in Iraq is not necessarily seen as competing with Iranian interests but as a stabilising influence in Iraq, as it balances and fills the vacuum left by the downgraded US presence in Iraq.³⁷

China opposed regime change in the Syrian conflict over the years, and together with Russia, it vetoed many UN Security Council draft Resolutions on punitive sanctions against Syria, often invoking support

³⁴ Salam Zidane, "Chinese oil companies fill void in Iraq", *Al-Monitor*, 22 July 2021 at <https://www.al-monitor.com/originals/2021/07/chinese-oil-companies-fill-void-iraq> (Accessed on 09 May 2024).

³⁵ Manuel Fernandez, "Iraq seems to limit Chinese influence in its oil sector", *Atalayar*, 20 May 2022 at <https://atalayar.com/en/content/iraq-seeks-limit-chinese-influence-its-oil-sector>; Hamdi Malik, "Iraq's oil sector caught in crossfire between US, Iran", *Al-Monitor*, 31 May 2019 at <https://www.al-monitor.com/originals/2019/05/iraq-oil-us-exxon-mobil-iran-basra.html> (Accessed on 11 March 2024)

³⁶ Omar Sattar, "Iraq plans to launch pipeline to export oil through Jordan, Syria", *Al-Monitor*, 17 July 2019 at <https://www.al-monitor.com/originals/2019/07/iraq-syria-jordan-pipeline-oil.html>; <https://www.reuters.com/business/energy/iraq-balks-greater-chinese-control-its-oilfields-2022-05-17/> (Accessed 12 March 2024)

for Syria's national sovereignty and territorial integrity.³⁸ The four-point plan, proposed by Chinese foreign minister Wang Yi during his visit to Syria in July 2021, called for the lifting of the US sanctions on the country and prioritising the reconstruction process.³⁹ Wang Yi also called for "respecting the choice by the Syrian people", effectively legitimising Bashar al-Assad's re-election in May that year. In Iran, China's position is interpreted as support for Iranian preferences against those of the GCC countries, who had made a common cause with European countries and the US in attempting regime change through force, authorised by the UNSC.⁴⁰

Iran and Russia, as two key allies of Syria, lacked the financial wherewithal to fund reconstruction. Tehran, therefore, supported Syrian efforts to utilise the opportunities presented by Beijing's BRI plans in the region. While discussion on Syria joining BRI began during Wang Yi's July 2021 visit, the two countries inked an MoU to that effect on 12 January 2022. The Head of Syria's Planning and International Cooperation Commission, who signed the MoU from the Syrian side, welcomed China's role in Syria's economic reconstruction and the "harmonisation between the BRI and eastward strategy proposed by Syria."⁴¹ Analysts have pointed out that though Beijing has been reluctant

³⁷ Mehmet Alaca, "China's Iraq investments and its growing foothold in the Middle East," TRT World, 2022 at <https://www.trtworld.com/opinion/china-s-iraq-investments-and-its-growing-foothold-in-the-middle-east-56150>, (Accessed on 1 May 2024).

³⁸ "Chinese envoy explains veto of UN Security Council Resolution on Syria", CGTN, 4 July 2020, <https://news.cgtn.com/news/2020-07-08/Chinese-envoy-explains-veto-of-UN-Security-Council-resolution-on-Syria-RWYgOlCMXm/index.html> (Accessed on 13 May 2024).

³⁹ "China proposes four-point solution to Syrian issue: FM", Xinhua, 18 July 2021 (Accessed on 10 May 2024) at http://www.xinhuanet.com/english/2021-07/18/c_1310067701.htm (Accessed on 14 May 2024).

⁴⁰ Mohsen Shariatnia and Hamed A. Kermani, 'Iran, China and the Persian Gulf: An unfolding engagement', *Global Policy*, 14, 2023, p.36-45.

⁴¹ "Syria joins BRI amidst extensive China-Mideast exchanges", *The Global Times*, 13 January 2022 at <https://www.globaltimes.cn/page/202201/1245939.shtml> (Accessed on 3 May 2024).

to commit investments to the war-torn country, much of the proposed Chinese projects in Syria are focused on the transportation sector, such as the rail link between the port of Tartus and the Iraqi border and the construction of a land highway linking the country's south to the north.⁴² These projects gel with Iran's plans for regional connectivity. Beijing also showed interest in establishing a Chinese Free Trade Zone at Latakia port, less than 100 km north of Tartus. Moscow maintains a naval facility at Tartus and has committed \$500 million towards modernising the commercial port infrastructure.⁴³

The overthrow of the Assad government in December 2024 by an offensive led by Hayat al-Tahrir al-Sham (HTS), a former al-Qaeda affiliate, has overturned Iran's plans for overland connectivity to the Mediterranean. The primary concern for Iran is that the instability should not be exploited by ISIS and does not spill over into Iraq. Similarly, Beijing sees the capture of power by extremist and terrorist organisations as having negative implications not only for West Asia but also for China, given the presence of Uyghur fighters in HTS ranks.⁴⁴

CPEC AND IRAN'S FOCUS ON MAKRAN COAST

The China-Pakistan Economic Corridor (CPEC), the BRI's flagship project, is a transport and energy corridor stretching from Pakistan's Makran Coast to western Xinjiang. Gwadar, the centrepiece of the Corridor, rivals Iran's Chabahar port, which India is developing as a

⁴² "China's move towards Syria: Objectives and Prospects", Emirates Policy Center, 17 August 2021 at <https://epc.ae/en/details/featured/chinas-move-towards-syria-objectives-prospects>, (Accessed on 10 May 2024).

⁴³ "Russia to build grain hub at Syria's Tartus port", *Miller Magazine*, 23 January 2020 at <https://millermagazine.com/blog/russia-to-build-grain-hub-at-syrias-tartus-port-3449> (Accessed on 11 November 2024).

⁴⁴ "Chinese diplomacy towards Syria's new regime hampered by presence of Uyghur fighters", *Le Monde*, 12 February 2025 at https://www.lemonde.fr/en/international/article/2025/01/18/chinese-diplomacy-towards-syria-s-new-regime-hampered-by-presence-of-uyghur-fighters_6737165_4.html (Accessed on 14 February 2025).

gateway to Afghanistan and Central Asia. However, Tehran hopes to capitalise on Chinese investment to transform its underdeveloped Makran Coast into an industrial and energy powerhouse. As a result, Iran has sought to downplay the competitive geopolitical aspect of the infrastructure projects, prioritising the geo-economic narrative of regional connectivity and development cooperation. Iranian officials have maintained that Chabahar does not seek to rival or ‘encircle’ anyone and have welcomed Chinese investment in developing the port.⁴⁵

For Tehran, CPEC’s energy infrastructure, especially Beijing’s construction of the \$2.5 billion Gwadar LNG terminal and a 700 km gas pipeline from Gwadar to Nawabshah, offers a possibility to realise its long-held plans for the Iran-Pakistan pipeline.⁴⁶ The 1,880 km Iran-Pakistan pipeline connects Iran’s South Pars field to Pakistan’s Balochistan and Sindh provinces. After signing a gas sale purchase agreement in 2009, Iran completed its section of the pipeline in 2011. It even offered to finance the Pakistani section in 2013, but after the US sanctions and pressures led to delays by the Pakistani side, Tehran threatened legal action in 2019.⁴⁷ In 2015, under the CPEC, construction work on a

⁴⁵ “India says ‘Prerogative’ of Iran to invite China, Pakistan for Chabahar Development”, *Tasnim News*, 17 March 2018 <https://www.tasnimnews.com/en/news/2018/03/17/1683335/india-says-prerogative-of-iran-to-invite-china-pakistan-for-chabahar-development> (Accessed on 19 May 2024); “Pakistan emphasises expansion of maritime ties with Iran”, *Mehrnews*, 20 December 2020 at <https://en.mehrnews.com/news/167404/Pakistan-emphasizes-expansion-of-maritime-ties-with-Iran> (Accessed on 20 May 2024); Ebrahim Fallahi, “Iran-China partnership to raise Chabahar port’s global status”, 27 April 2021 at <https://www.tehrantimes.com/news/460316/Iran-China-partnership-to-raise-Chabahar-port-s-global-status> (Accessed on 20 March 2024)

⁴⁶ “Pak approves US\$ 2 billion Gwadar-Nawabshah LNG Terminal Project”, ANI, 1 October 2016 at <https://www.aninews.in/news/world/business/pak-approves-usd-2-billion-gwadar-nawabshah-lng-terminal-project> (Accessed on 21 March 2024)

⁴⁷ Haroon Janjua, “Iran gas pipeline deal with Pakistan hampered by US Sanctions”, *DW*, 20 May 2019 at <https://www.dw.com/en/iran-gas-pipeline-deal-with-pakistan-hampered-by-us-sanctions/a-48802450> (Accessed on 21 October 2022).

781-kilometre natural gas pipeline from Gwadar to Nawabshah began. Given that Pakistan is facing penalties for failing to construct a gas pipeline to Iran, the two countries may find it more feasible to build an 81 km section from the Iran-Pakistan border to Gwadar as part of the Iran-Pakistan gas pipeline project.⁴⁸

During President Xi Jinping's visit to Iran in 2016, Iran and China inked several agreements to establish industrial towns in Jask, Hormozgan and Sistan and Balochistan provinces outside of the Strait of Hormuz. Reportedly, as part of the 25-year agreement, Beijing will invest in the infrastructure of the Jask port, strategically situated to the east of the Strait of Hormuz, and in free trade zones in the Gulf islands. Iran seeks to develop the port of Jask as a major hydrocarbon hub, bringing its oil closer to Asian markets. At the same time, reducing dependence on exports from Kharg terminal in the Persian Gulf – currently about 90 per cent – Iran will be able to exert more pressure on the flow of oil out of the Strait of Hormuz.⁴⁹ Iran's oil sales to China, constituting around 85 to 90 per cent of 1.5 million barrels per day, have been a crucial economic lifeline under sanctions. However, given that Tehran gives China a steep discount, taking up to 15 per cent off the price of each barrel, there are questions about the long-term profitability of Iran's business with China.⁵⁰

At a time when sanctions hit Iran's oil revenue, it redoubled its efforts to diversify its economic activity and increased non-oil exports, especially

⁴⁸ "Pakistan to finalize gas pipeline from Gwadar Port to Iran border," The Islamic Republic News Agency, 20 February 2024 at <https://en.irna.ir/news/85392821/Pakistan-to-finalize-gas-pipeline-from-Gwadar-Port-to-Iran-border> (Accessed on 13 March 2024).

⁴⁹ Farzin Nadimi, "Iran's Evolving Approach to Asymmetric Naval Warfare", Washington Institute for Near East Policy, 24 April 2020 at <https://www.washingtoninstitute.org/policy-analysis/irans-evolving-approach-asymmetric-naval-warfare-strategy-and-capabilities-persian> (Accessed on 22 February 2025).

⁵⁰ "Iran's "Dark Fleet" of Oil Tankers Continues to Thrive Despite Sanctions", Oil Price, 3 May 2024 at <https://oilprice.com/Energy/Crude-Oil/Irans-Dark-Fleet-of-Oil-Tankers-Continues-to-Thrive-Despite-Sanctions.html> (Accessed on 22 May 2024).

to its neighbouring countries. Without a comprehensive economic liberalisation programme and pressure of sanctions, Iran hopes to use free-trade-industrial zones (FTZs) along its Persian Gulf coast and the adjoining islands to promote industrial and export activity with international investment. Iran's three main FTZs at Kish Island in the Persian Gulf, Qeshm, the largest island located close to Iran's main trading port of Bandar Abbas in the Strait of Hormuz and Chabahar, were established during the presidency of Hashemi Rafsanjani (1988-1997). In the early 1990s, Iran had an opening with its Gulf Cooperation Council (GCC) neighbours. It pursued a policy of fostering regional trade and non-oil exports by attracting international investment into industrial activities and logistics.⁵¹ Under Hassan Rouhani, the Guardian Council approved the integration of the Chabahar port with the Chabahar Free Trade-Industrial Zone to promote the port's role in cargo trade.⁵² However, Iran's difficulties in using FTZs to attract international investment were laid bare when President Raisi, while inaugurating 60 economic and infrastructure projects in six different FTZs across the country, stated that its free trade zones must return to their original goals.⁵³ Instead of functioning as centres for "uncontrolled imports", they must turn into hubs for investment, production and export activities, Raisi noted. In this regard, attracting investment from China becomes crucial. In December 2020, China opened its first Consulate General in Bandar Abbas. The choice of the location suggested that under the 25-year cooperation agreement with Iran, Beijing is considering a more significant role in the region that is home

⁵¹ Hassan Hakimian, "Iran's Free Trade Zones: Back Doors to the International Economy", *Iranian Studies*, 44(6), 2011.

⁵² P. Manoj, "India-funded Chabahar port in Iran to be integrated with free zone", *The Hindu Business Line*, 2 July 2020 at <https://www.thehindubusinessline.com/economy/logistics/india-funded-chabahar-port-in-iran-to-be-integrated-with-free-zone/article31968033.ece> (Accessed on 19 May 2024).

⁵³ "Free zones must return to their original goals", Government of the Islamic Republic of Iran, 21 November 2021 at <https://irangov.ir/detail/374332> (Accessed on 18 May 2024).

to Iran's biggest seaports and trading hubs, including Chabahar. In January 2023, China established its first direct shipping line to Chabahar after one of its container ships docked there.⁵⁴

Iran-China Defence Cooperation

In the 1980s and 1990s, Iran relied more on China than Russia for military assistance. During the Iran-Iraq War, when Iraq received support from the United States and Arab countries, Iran was able to purchase missiles from China, with North Korea acting as a conduit. The anti-ship Silkworm missiles purchased from China played a key role during the tanker war phase of the Iran-Iraq War. However, when Iran fired a Chinese-made missile at a US-escorted oil tanker in 1987, China intervened, and Iran never used Silkworms again. Iranian analysts note that China's role as a key partner in the Iranian missile programme indicates Beijing's role in the balance of power in the Persian Gulf.⁵⁵ Beijing's cautious and restrained attitude towards military and nuclear cooperation with Iran is seen as being driven by fear of entrapment or getting drawn into the Iran-US conflict in the region.⁵⁶

Iran-China defence ties received a boost with the implementation of the JCPOA in 2016, as China no longer had to worry about being seen as supporting a country that was a proliferation or international security threat. Following President Xi Jinping's visit to Iran in January 2016, China's defence minister Chang Wanquan visited Iran in November 2016 to sign a bilateral military cooperation agreement pledging closer military cooperation in several areas, including military training, counter-

⁵⁴ "China Establishes First Direct Shipping Line to Iran's Chabahar Port," Statecraft Staff, 2 January 2023 at <https://www.statecraft.co.in/article/china-establishes-first-direct-shipping-line-to-iran-s-chabahar-port> (Accessed on 12 May 2024).

⁵⁵ Mohsen Shariatnia and Hamed A. Kermani, 'Iran, China and the Persian Gulf: An unfolding engagement', *Global Policy*, 14, 2023, p.36-45.

⁵⁶ Dara Conduit and Akbarzadeh, "Great Power-Middle Power Dynamics: The Case of China and Iran," *Journal of Contemporary China*, 28 (117), 2019, pp.468-481.

terrorism operations and holding joint military exercises.⁵⁷ With the onset of Donald Trump's presidency in the United States, Iran and China made a common cause against the increasing US pressure and unilateralism. In June 2017, when the US Navy was accusing Iran of sending fast attack boats to harass US warships passing through the Strait of Hormuz, Iran and China held a joint naval exercise near the Strait.⁵⁸ In 2019, when maritime incidents disrupted shipping in the Persian Gulf and the Gulf of Oman, China had to recalibrate its role in regional maritime security. As China's rivalry with the US grows, Beijing has become increasingly wary of the US centrality in protecting the Gulf shipping lanes, especially the narrow Strait of Hormuz, and its ability to threaten China's energy security.⁵⁹ Further, as CENTCOM put together an international maritime coalition of its regional allies, the UAE, Saudi Arabia, Bahrain, Australia and the United Kingdom, the Trump administration accused Asian buyers of Middle East oil of 'free-riding' on the US security presence in the region.

Given Beijing's reluctance to take up a military role in the region that will draw it into a direct contestation with the US in a far-off region, defence diplomacy with Iran becomes a strategic priority. At the height of the Iran-US confrontation in the Persian Gulf, Chief of Staff of the Iranian Armed Forces, Major General Mohammad Hossein Bagheri, led a high-ranking military delegation to Beijing. The idea was to promote defence diplomacy and establish a joint military commission. While calling for strategic cooperation between the two countries, Bagheri emphasised the similarity between the security environment of the Persian Gulf and the South China Sea. Bagheri was alluding to similarities between China and Iran's asymmetric strategy of coastline

⁵⁷ "Iran, China Sign Military Cooperation Agreement", *The Diplomat*, 15 November 2016 at <https://thediplomat.com/2016/11/iran-china-sign-military-cooperation-agreement/> (Accessed on 2 June 2024).

⁵⁸ "Iran, China Stage Joint Naval Drills", *Tasnim News*, 18 June 2017 at <https://www.tasnimnews.com/en/news/2017/06/18/1439553/iran-china-stage-joint-naval-drill>, (Accessed on 3 June 2024).

⁵⁹ Camile Lons *et al.* "China's great game in the Middle East", European Council on Foreign Relations, 21 October 2019 at https://ecfr.eu/publication/china_great_game_middle_east/ (Accessed on 11 May 2024).

defence and anti-access/area-denial (A2/AD) against the US' naval dominance. Since the 1980s, when Iran began importing anti-ship missiles from China, its inventory of anti-ship missiles is built around four Chinese missile families. The Chinese air-to-surface lightweight AShM YJ-9 and C-701 are known as the *Kosar* family in Iran; the C-704, shore-to-sea missile with a maximum range of 40 Km is known as *Nasr*, while *Noor*, *Ghader* and *Ghadir* with reported ranges of 120 km, 200 km and 300 km respectively, are long-range anti-ship cruise missiles reverse-engineered from Chinese C-802 cruise missiles.⁶⁰

In December 2019, Iran, China and Russia conducted a trilateral naval exercise 'Maritime Security Belt' in the Gulf of Oman.⁶¹ As the first trilateral of its kind, it underscored China and Russia's stake in ensuring security in the crucial waterway. It was widely seen as Iran's boldest strategic move to counterbalance the United States in the Persian Gulf.⁶² By projecting itself as an independent regional power, not under US influence, Iran has sought to leverage both Russian and Chinese strategies of keeping the US/NATO power in check. Chinese Defence Minister Wei Fenghe's visit to Iran in April 2022, in the backdrop of the war in Ukraine and prospects of revival of the Iran nuclear deal, underscored the significance Beijing attaches to Iran.⁶³ Wei had separate meetings with Iran's Armed Forces Chief of Staff Mohammad Bagheri and Defence Minister Reza Ashtiani, where they reached a consensus on

⁶⁰ Douglas Barrie, "Does Iran harbour high-speed anti-ship missile ambitions?" International Institute for Strategic Studies, 13 March 2020 at <https://www.iiss.org/blogs/military-balance/2020/03/iran-anti-ship-missiles-ramjet> (Accessed on 11 November 2024).

⁶¹ Liu Xuanzun and Guo Yuandan, "China, Iran, Russia launch joint drills near Gulf of Oman, safeguard regional maritime security", *Global Times*, 12 March 2024 at <https://www.globaltimes.cn/page/202403/1308701.shtml#:~:text=The%20joint%20drills%20are%20conductive,Liang%20Dong%2C%20a%20member%20of> (Accessed on 3 May 2024).

⁶² Mohsen Shariatinia and Hamed A. Kermani, 'Iran, China and the Persian Gulf: An unfolding engagement', *Global Policy*, 14, 2023, p. 40.

⁶³ "China, Iran agree to push military ties to higher level", CGTN, 28 April 2022 at <https://news.cgtn.com/news/2022-04-28/China-Iran-agree-to-push-military-ties-to-higher-level-19AEBvT2swg/index.html> (Accessed on 11 June 2024).

expanding high-level strategic communication, deepening military exchanges and conducting joint exercises and personnel training.⁶⁴

LIMITS OF IRAN-CHINA GEOPOLITICAL CONVERGENCE

China's approach to regional security also dovetails with the traditional Iranian view of the US military presence as the biggest threat to regional stability. In his 2016 address at the Arab League, President Xi Jinping criticised the use of force and external solutions to regional issues. He argued that "the international community should respect the will and role of those directly involved, the neighbouring countries and regional organisations, instead of imposing a solution from outside."⁶⁵ In recent years, China has taken on a more active role in facilitating dialogue among regional countries while adhering to a policy of neutrality and strategic balance in relations with Iran and the Arab countries. In January 2022, Chinese Foreign Minister Wang Yi held a series of meetings with his counterparts from Saudi Arabia, Kuwait, Oman, Turkey, and Iran over the course of one week in Wuxi City. In doing so, Beijing underscored its balanced approach of strengthening ties with all players based on "common interests and mutual respect" rather than geopolitical alignments with specific countries.⁶⁶ Keen to distinguish China's growing regional engagement from that of the US, Wang argued that there is no power vacuum in the Middle East and the region did not need an "external patriarch".⁶⁷ While blaming US-led interventions for regional

⁶⁴ "Full text: Resolution of CPC Central Committee on further deepening reform comprehensively to advance Chinese modernization", The State Council of the People's Republic of China at <https://english.www.gov.cn> (Accessed on 11 August 2024).

⁶⁵ https://www.chinadaily.com.cn/world/2016xivisitmiddleeast/2016-01/23/content_23209136.htm (Accessed on 12 June 2024).

⁶⁶ "Chinese, Saudi Arabian FM's reach broad consensus on bilateral ties", CGTN, 11 January 2022 at <https://news.cgtn.com/news/2022-01-10/Wang-Yi-meets-visiting-Saudi-Arabian-foreign-minister-in-China-16Ioz7vKzkY/index.html>, (Accessed on 22 May 2024).

⁶⁷ Phoebe Zhang, "Middle East doesn't need a new external chief, China says as US pivots to Indo-Pacific," *South China Morning Post*, 16 January 2022 at <https://www.scmp.com/news/china/diplomacy/article/3163589/middle-east-doesnt-need-new-external-chief-china-says-us>

instability, Wang supported Gulf countries in setting up multilateral dialogue platforms and taking the initiative in regional issues, including those involving Iran. Beijing has become increasingly critical of the US's approach to regional security issues, while cautiously assuming the role of a neutral mediator and facilitator of dialogue among regional countries.

Beijing is projecting itself as a regional peacemaker; especially after Iran and Saudi Arabia concluded a deal to resume diplomatic ties in an agreement mediated by China. Although the Iran-Saudi security dialogue began in April 2021 in Baghdad in tandem with the indirect negotiations between the US and Iran in Vienna, the final agreement was signed by top security officials of Iran and Saudi Arabia in the presence of Chinese Foreign Minister Wang Yi in Beijing on 10 March 2023. Tehran attributed China's involvement at the later stage of talks to Saudi Arabia's desire to have China as the guarantor of the final agreement.

Iran takes a positive view of a growing Chinese role in regional security issues, primarily from the point of view of balancing the long-standing US hegemonic role in the Persian Gulf and broader region. China has its geopolitical rationale for facilitating agreements between key regional actors. By framing its mediation in the rapprochement under the rubric of the Global Security Initiative, China seeks to demonstrate that, as a major power, it is shouldering responsibilities for peace and security in a critical region. Chinese commentators argue that reducing Iran-Saudi tensions will result in a wider 'peace dividend' in Yemen, Syria, and Iraq.⁶⁸ More importantly, Beijing seeks to challenge the US-led security paradigm in the region since the Abraham Accords of 2020. China views Washington's efforts to foster greater alignment between Arab countries and Israel, including a joint Arab-Israeli air defence and missile defence system against the perceived Iranian threat, as deepening regional fault-lines and increasing the risks of escalation. Further, from

⁶⁸ Cyril Ip and Zhao Ziwen, "China-brokered Iran-Saudi peace dividend brings rare exhibits to Palace Museum," *South China Morning Post*, 30 March 2024 at <https://www.scmp.com/news/china/diplomacy/article/3257269/china-brokered-iran-saudi-peace-dividend-brings-rare-exhibits-palace-museum>, (Accessed on 1 November 2024).

the Chinese point of view, a US-backed Arab-Israeli regional configuration is also seen as aimed at countering China and Russia in the Middle East. By facilitating the Iran-Saudi rapprochement, China claims to demonstrate the viability of its alternative security concept based on dialogue and political settlement rather than one based on forming ‘small cliques’ and “provoking confrontation.”⁶⁹

In the wake of the Hamas-Israel war, China has criticised the US policy in the region as inefficient, focusing on Washington’s one-sided military and diplomatic support for Israel, including stalling of a ceasefire in Gaza, which it blamed for horizontal escalation across the region. The US officials repeated calls on China to exert its “influence” on Iran to rein in pro-Iran Houthis, who had been attacking commercial ships in the Red Sea, underscored the perils of the middle power-great power pattern of Iran-China ties. China’s relations with Iran exposed it to criticism from Washington that Beijing’s regional policy lacked initiative and leadership in managing the escalation by Iran and its allies. As the US put together a multinational security initiative, “Guardians of Prosperity”, to escort commercial vessels, Beijing faced criticism of ‘free riding.’ However, Beijing pushed back and criticised the US-UK air strikes against Houthi positions in Yemen and Iran-related targets in Iraq and Syria as actions that “violate the UN Charter and infringe on the territorial sovereignty and security of other countries.” It also pointed to the failure of coercive operations in stopping Houthi attacks on ships.

Beijing’s rhetoric has been to project itself as a constructive alternative to Washington’s approach by supporting de-escalation and maintaining communication and coordination with all parties involved in the conflict.⁷⁰ Beijing takes a cautious view of Iran’s regional policy and its

⁶⁹ Ma Wencheng, “China facilitates Saudi Arabia-Iran agreement to restore diplomatic relations,” *China Daily*, 22 September 2023 at <https://www.chinadaily.com.cn/a/202309/22/WS650d460da310d2dce4bb74c4.html>, (Accessed on 5 November 2024).

⁷⁰ “‘Create harmony’: Q&A with China’s Foreign Minister Wang Yi”, *Al Jazeera*, 25 April 2024 at <https://www.aljazeera.com/news/2024/4/25/create-harmony-qa-with-chinas-foreign-minister-wang-yi> (Accessed on 22 May 2024).

destabilising outcomes and prefers to maintain neutrality in conflicts involving Iran and the US allies. In April 2024, Iran launched a missile and drone attack on Israel as a punitive measure after an Israeli strike on Iran's Consulate in Damascus killed seven IRGC officers. Chinese experts saw Iran's response as "restrained", and officials expressed "deep concerns over the current escalation and called on relevant parties to exercise calm and restraint to prevent further escalations."⁷¹

Despite Iran's broadly positive view of the growing Chinese role in the region, China's deepening ties with the GCC countries have sometimes caused concern in Tehran. For instance, the joint statement issued at the first China-GCC Summit held in Riyadh in December 2022 caused much alarm in Tehran for calling on Iran to maintain the non-proliferation regime and respect the principles of non-interference in the internal affairs of States. Its call for bilateral negotiations on three Persian Gulf islands governed by Iran and disputed by the UAE, led Tehran to summon the Chinese envoy in protest. The fact that the China-brokered agreement came a month after Raisi's visit to Beijing shows how Beijing has successfully leveraged its ties with Iran, which was struggling under domestic pressure in the wake of Mahsa Amini protests, Western economic sanctions, and deteriorating relations with Europe over its military support to Russia in its war in Ukraine.

Iran's Look East strategy is heavily centred on China as an economic lifeline, balancing power, and a potential strategic partner. At the same time, Iran's regional isolation and international/US sanctions have proved to be a major obstacle in realising Iran's expectations of playing a key role in China's BRI. Iran-China relations remain a typical asymmetric great power-middle power relationship, where the Iranian side has higher expectations for developing long-term economic and strategic ties. Still, China prefers a more cautious approach and determines the relationship's trajectory.

⁷¹ "China calls on relevant parties to exercise calm and restraint as Iran launched military strike against Israel", *Global Times*, 14 April 2024 at <https://www.globaltimes.cn/page/202404/1310569.shtml>, (Accessed on 12 May 2024).

IRAN-RUSSIA: A GROWING GEOPOLITICAL CONVERGENCE

The collapse of the Soviet Union and the emergence of independent Republics in Central Asia and the Caucasus significantly transformed the geopolitics of Iran-Russia ties. As Russia no longer had a threatening presence on Iran's northern borders, Iran's view of Russia consistently improved over the next three decades. In January 2022, during President Raisi's visit to Russia, then-Foreign Minister Hossein Amir-Abdollahian observed that, "we regard Putin's Russia as different from the Soviet Union and that there are various strategic issues in Tehran–Moscow relations."⁷² Unlike the Soviet Union, which Iran saw as a hegemonic power, the 'Look East' advocates in Tehran see Russia as a 'Eurasian balancer' seeking to bring forward a multipolar world.⁷³ Raisi, during his visit to Russia, stressed the need to conclude a long-term strategic partnership agreement that will institutionalise the comprehensive strategic nature of the partnership across the military, economic, and political domains.⁷⁴ The final Comprehensive Strategic Partnership Agreement was signed in January 2025 by Raisi's successor, Massoud Pezeshkian and Russian President Vladimir Putin in Moscow. The

⁷² "Instagram post of Amir Abdollahian on the president's visit to Russia," IRI Ministry of Foreign Affairs, 28 January, 2022 at <https://en.mfa.ir/portal/newsview/668219/Instagram-post-of-Amir-Abdollahian-on-the-president's-visit-to-Russia> (Accessed 19 March 2024).

⁷³ Glen Diesen, "Europe as the Western Peninsula of Greater Eurasia", *Journal of Eurasian Studies*, 12 (1), p. 23.

⁷⁴ "Iran's Russia envoy reveals new details of strategic bilateral deal", Nournews, 25 January 2024 at <https://nournews.ir/en/news/165828/Iran%E2%80%99s-Russia-envoy-reveals-new-details-of-strategic-bilateral-deal> (Accessed 24 March 2024).

agreement was based on previous bilateral treaties of 1921 and 1940 and the 2001 Treaty on the Basis for Mutual Relations and Principles of Cooperation between Iran and Russia, which provided the framework for long-term cooperation in various fields. Unlike the Russia-North Korea Treaty of Comprehensive Strategic Partnerships signed in November 2024, which obliges both countries to provide immediate military assistance to each other using “all means” necessary if either faces “aggression”, the Iran-Russia agreement does not have a mutual defence clause.

Iran, therefore, does not see Russian efforts at Eurasian integration through the prism of zero-sum ‘sphere of influence’ geopolitics. Instead, it shares Russia’s vision of ‘Greater Eurasia’ as a “powerful new geopolitical space that could pose a fundamental challenge to the US-led liberal international order.”⁷⁵ Also, the process of Eurasian integration provides Iran with opportunities to advance its geo-economic position, especially its role in transit and trade corridors. At a time when Russia is also looking at Asia to circumvent comprehensive Western sanctions, Iran’s experience in tackling US sanctions and its role as a logistical bridge facilitating Russia’s transcontinental trade has acquired tremendous significance for both Moscow and Tehran.⁷⁶ As a result, the two countries’ leadership prioritised trade and economic ties between Iran and Russia, which had been the weaker leg in their bilateral relationship. In December 2023, four years after an interim free trade agreement had been in place, Iran signed a free trade agreement with the Eurasian Economic Union (EAEU) and its member states.⁷⁷

In the wake of Western sanctions, including the disconnecting of Russian banks from the SWIFT messaging system, both Moscow and Tehran

⁷⁵ Nicole Grajewski, “Russia and Iran in Greater Eurasia”, Middle East Institute, 14 July 2020 at <https://mei.nus.edu.sg/wp-content/uploads/2020/07/Insight-239-Nicole-Grajewski.pdf> (Accessed 22 March 2024).

⁷⁶ Ibid

⁷⁷ “The Eurasian Economic Union and the Islamic Republic of Iran sign free trade agreement”, *The Russian Government*, 15 December 2023 at <http://government.ru/en/news/50509/>, (Accessed 11 March 2024).

have similar views of the West's weaponisation of the international banking and financial system. The sanctions on Russia, the world's eleventh-largest economy, have renewed the debate on the viability of the SWIFT alternatives in Asia.⁷⁸ In May 2022, Russia and Iran agreed to switch to national currencies in a trade settlement using Moscow's System for Transfer of Financial Messages (SPFS) for transferring financial messages. After Iran was admitted into BRICS at the Kazan summit in October 2024, Iran supported Russia-led efforts to create an alternative messaging system and settlement infrastructure, including a network of national commercial banks linked to each other through the BRICS central banks.⁷⁹

Iran has traditionally benefited from cooperation with Russia on military technology and the purchase of defensive equipment to advance its 'active deterrence strategy' vis-a-vis the US and its West Asian allies.⁸⁰ Military-technical cooperation between Iran and Russia significantly deepened under the rubric of 'counter-terrorism' against ISIS and supporting Syrian President Bashar Al-Assad against a popular revolt backed by the US and several regional countries keen to topple a key

⁷⁸ Kandy Wong and Ji Siqu, "Ukraine Invasion: Swift ban, sanctions cut Russian economy from the world. Will China's yuan payment system offer a lifeline?" *South China Morning Post*, 1 March 2022 at <https://www.scmp.com/economy/global-economy/article/3168829/ukraine-invasion-swift-ban-sanctions-cut-russian-economy> (11 March 2024); Huileng Tan, "China and Russia are working on homegrown alternatives to the SWIFT payment system. Here is what they would mean for the US dollar", *Business Insider India*, 1 April 2022 at <https://www.businessinsider.in/politics/world/news/china-and-russia-are-working-on-homegrown-alternatives-to-the-swift-payment-system-heres-what-they-would-mean-for-the-us-dollar/articleshow/91168432.cms> (Accessed 12 March 2024).

⁷⁹ "Iran's Economic Minister: BRICS dissatisfied with leadership of World Bank by West," *Mehr News*, 23 October 2024 at <https://en.mehrnews.com/news/223424/BRICS-dissatisfied-with-leadership-of-World-Bank-by-West> (Accessed on 12 November 2024).

⁸⁰ Anton Mardasov, "Deep Dive: Why Russia will sell Iran warplanes but won't buy missiles", *Amwaj Media*, 25 October 2023 at <https://amwaj.media/article/deep-dive-why-russia-will-sell-iran-warplanes-but-won-t-buy-missiles> (Accessed on 12 January 2024).

Iranian ally. In the wake of Russia's invasion of Ukraine, military ties deepened further and became reciprocal. Iran has supplied Russia with ammunition, artillery shells, and battlefield drones, inviting sanctions from the European Union.⁸¹ After the UN arms embargo on missile transfers to Iran ended in October 2023, Iran was free to buy and sell missiles without fearing the UN Security Council initiating the snap mechanism of the JCPOA. Since then, there have been reports that Russia may supply Iran with high-tech weaponry, including Su-35 fighter jets and perhaps even the S-400 missile defence system, which will be crucial for Iran to harden its defences against any future airstrike by Israel or the United States.⁸² These expectations failed to materialise, and the lack of Russia's support for Iran during the 12-day Israel-Iran war exposed the limits of Russia-Iran military cooperation. At the same time, some have argued that deeper military cooperation between Iran and Russia has created a de-facto united front against the US from the Black Sea to the Persian Gulf.⁸³

However, several Iranian scholars see Iran-Russia military cooperation as a security convergence or a shared 'contextual understanding' rather than a joint strategic plan.⁸⁴ Abdolrasool Divsallar argues that for Iran and Russia, their mutual sense of insecurity from the threats posed by the US-led international order has taken the lead in defining and deepening their bilateral relations.⁸⁵

⁸¹ Joby Warrick, "Russian weapons help Iran harden defenses against Israeli airstrike", *The Washington Post*, 15 April 2024 at (<https://www.washingtonpost.com/national-security/2024/04/15/iran-israel-russia-drones-missiles/>) (Accessed on 4 May 2024).

⁸² Emil Avdaliani, "Iran and Russia Enter A New Level of Military Cooperation", Stimson Center, 6 March 2024 at <https://www.stimson.org/2024/iran-and-russia-enter-a-new-level-of-military-cooperation/> (Accessed on 4 March 2024).

⁸³ Ibid.

⁸⁴ Elaheh Koolae and Aref Bijan, "The Role of Iran and Russia as Regional Powers in the Middle East (2011-2020)"; Elaheh Koolae and Mandana Tisheyar, "The New Regionalism between Iran and Russia in Eurasia", *Discourse: An Iranian Quarterly*, 11 (1-2), Fall 2013-Winter 2014, pp.49-66.

⁸⁵ Abdolrasool Divsallar, "The Pillars of Iranian-Russian Security Convergence," *The International Spectator*, 2019, 54 (3), pp. 107-122.

The trend of increasing geopolitical alignment between Iran and Russia, particularly following the US withdrawal from the nuclear agreement with Tehran, has found expression in their common narrative of a post-Western world order.⁸⁶ According to this narrative, the current transitional world has created new opportunities for multiple actors to shape the world based on their interests, values, and geopolitical priorities. For Russia and Iran, it involves moving away from the West to build mutually beneficial relations with all relevant actors in Asia. Such a policy also supports interest-based alignments and partnerships with various countries instead of exclusive alliances.

THE GROWING SIGNIFICANCE OF RUSSIA-IRAN ECONOMIC COOPERATION

In October 2019, Iran and the Eurasian Economic Union (EAEU) implemented a three-year preferential trade agreement, which stipulated that during this period, the two parties must accept the conditions for achieving a full free trade plan for tariff-free essential commodities.⁸⁷ Subsequently, Iran-Russia bilateral trade increased from US\$2 billion in 2019 to US\$4 billion in 2021, with Iran's exports to Russia exceeding US\$1 billion for the first time. Their bilateral trade surged by 15 per cent in 2022, reaching US\$4.6 billion. Since 2019, more than 50 per cent of the total bilateral trade has been conducted using national currencies, as both countries aim to break dollar dominance in trade and finance.⁸⁸ On the sidelines of the Supreme Eurasian Economic Council's meeting held on 25 December 2024 in St. Petersburg, a Free Trade Agreement was signed between the Eurasian Economic Union

⁸⁶ Deepika Saraswat, "Why Tehran Is Talking About A Post-West World Order," Lobe Log, 26 February 2019 at <https://lobelog.com/why-tehran-is-talking-about-a-post-west-world-order/> (Accessed on 22 February 2024).

⁸⁷ Mehdi Sanaei and Jahangir Karami, "Iran's Eastern Policy: Potential and Challenges", *Russia in Global Affairs*, (3), July/September, 2021.

⁸⁸ "Trade with Iran Rising despite Pressures: Russian Official", *Tehran Times*, 12 February 2020 at <https://www.tehrantimes.com/news/445084/Trade-with-Iran-rising-despite-pressures-Russian-official>, (Accessed on 1 March 2024).

and its Member States and Iran. Notably, in 2023, Russia overtook China to emerge as the largest foreign investor in Iran.⁸⁹

With the onset of the Russia-Ukraine War, Russia-Iran bilateral economic relations have emerged as the cornerstone of their broader bilateral ties. The comprehensive Western sanctions imposed on Russia following its invasion of Ukraine have forced Russian businesses out of European markets, driving their growing pivot to Asian markets. Iran's experience in adapting to sanctions, its capacities as a major economic player and its geographical location are crucial to helping expand Moscow's trade ties in Asia.⁹⁰ As a result, there has been a greater focus on business-to-business ties between Russia and Iran. To advance industrial and commercial cooperation between the private sectors of the two countries, the Iran-Russia Trade Council, a joint body between the Russian Union of Industrialists and Entrepreneurs (RSPP) and Iran's Trade Promotion Organization (IPO), was established in November 2022.⁹¹ This development came during the visit of a 50-member trade delegation from Iran's Isfahan Province to Russia. The same month, the Iran Chamber of Commerce, Industries, Mines and Agriculture (ICCIMA) hosted a Iran-Russia Business Forum in Tehran over three days. The 120-member Russian delegation, after the event in Tehran, visited several other Iranian cities, including Rasht, Anzali and Isfahan.⁹² Addressing the challenges, ICCIMA Head Gholam-Hossein Shafeie

⁸⁹ "Russia Top Foreign Investor in Iran: Official", Tasnim News Agency, 3 February 2024 at <https://www.tasnimnews.com/en/news/2024/02/03/3033179/russia-top-foreign-investor-in-iran-official/amp> (Accessed on 1 March 2024).

⁹⁰ Ebrahim Fallahi, "Tehran, Moscow laying cornerstone of a brand-new strategic relationship", *Tehran Times*, 28 September 2022 at <https://www.tehrantimes.com/news/477124/Tehran-Moscow-laying-cornerstone-of-a-brand-new-strategic-relationship> (Accessed on 1 March 2024).

⁹¹ "Tehran, Moscow to launch joint trade council", *Tehran Times*, 29 November 2022 at <https://www.tehrantimes.com/news/479174/Tehran-Moscow-to-launch-joint-trade-council> (Accessed on 1 March 2024).

⁹² "Tehran hosts grand Iran-Russia business forum", *Tehran Times*, 15 November 2022 at <https://www.tehrantimes.com/news/478698/Tehran-hosts-grand-Iran-Russia-business-forum> (Accessed on 2 March 2024).

underlined the need for the improvement of transportation infrastructure, development of banking relations, facilitation of the issuance of bank guarantees, and expansion of the activities of the green customs corridor as prerequisites for the development of relations between the two countries.⁹³

Given Iran's growing trade volume with Russia since the signing of the PTA with the Eurasian Economic Union and the Western sanctions on both countries, Moscow and Tehran have attached renewed urgency to eliminating the US dollar in their bilateral trade and promoting alternatives to the SWIFT payment system. Bank of Russia's SPFS (Financial Messages Transfer System), which was created in 2014, was introduced to the banks of the EAEU member countries in 2019. In Iran, SEPAM (a Persian acronym) was unveiled in 2013 as a homegrown platform through which inter-bank transactions are conducted electronically. In January 2023, the central banks of Iran and Russia signed an agreement to connect their national inter-bank communication and transfer systems to help boost trade and ease two-way bank transactions.⁹⁴ Iran's Shahr Bank and Russia's VTB Bank will run a pilot programme, and other lenders will join gradually. The two sides have shared interests in enhancing cooperation in banking, ramping up the share of national currencies in mutual settlements using the Russian 'Mir' and Iranian 'Shetab' payment systems.⁹⁵ Following a visit by Central Bank of Iran (CBI) Governor Ali Saleh-Abadi to Moscow in July 2022, Iran's Integrated Forex Market launched the Ruble/Rial currency pair.

⁹³ "Iran, Russia explore untapped channels for bilateral connections", *Tehran Times*, 11 June 2024 at <https://www.tehrantimes.com/news/499726/Iran-Russia-explore-untapped-channels-for-bilateral-connections> (Accessed on 4 March 2024).

⁹⁴ "Iran and Russia Sign Deal to Link Banks," *Financial Tribune*, 29 January, 2023 at <https://financialtribune.com/articles/business-and-markets/116925/iran-and-russia-sign-deal-to-link-banks> (Accessed on 1 March 2024).

⁹⁵ "Iran, Russia boosting economic cooperation", *Tehran Times*, 13 February 2023 at <https://www.tehrantimes.com/news/481883/Iran-Russia-boosting-economic-cooperation> (Accessed on 15 March 2024).

GROWING TRANSPORT AND TRANSIT COOPERATION

As Russia pivots to Asian markets, Iran's ports in the Caspian Sea, Persian Gulf and Indian Ocean, which are connected through a railway route, make it a "logistical bridge" between Russia and West Asia, South Asia, and Southeast Asia. In addition to the geographical advantage for Russia, Iran's independent foreign policy makes it a preferred trade and transit hub vis-à-vis countries like Turkey, Egypt and China, which are more cautious about their exposure to Western sanctions. The International North-South Transport Corridor (INSTC), a 7,200-kilometre multi-mode transport network connecting Russia's Baltic Sea ports with Iran's Persian Gulf ports and further to India, is seen by Russia as a shorter, cost-effective alternative to the Suez Canal route that is entirely outside of Western influence. Observers argue that the most critical current driver of the INSTC is how post-sanctions Russia will route its trade with Asian countries, especially India.⁹⁶ For both Iran and Russia, the INSTC provides a basis for expanding cooperation with countries in Central Asia, the Caucasus and India. Given Russia's need to develop alternative transport routes to markets in Asia, it is taking the lead in extending investment, loans and technical help in developing the Iranian transport infrastructure, especially in plugging the missing links, electrification of railway lines, maintenance of locomotive stock and expanding the capacity of Iran's largely single-track railroads. Currently, 90 per cent of transit through the country is conducted by road, which is less efficient than rail transportation.⁹⁷ Iran has an ambitious vision of increasing transit revenue to compensate for the loss of petroleum revenue because of sanctions and the prospects of transition to cleaner energy sources worldwide. Therefore, Iran is mobilising foreign and domestic investment resources to expand its rail transit capacity. Both Russia and Iran have their motivations for prioritising cooperation in rail, road and maritime transportation.

⁹⁶ Bijan Khajepour, "Will transit become Iran's new top revenue generator?", Amwaj Media, 8 March 2023 at <https://amwaj.media/article/will-transit-become-iran-s-new-top-revenue-generator> (Accessed on 14 March 2024).

⁹⁷ Ibid.

During Raisi's visit to Moscow on 22 January, Moscow finalised a US\$ 5 billion credit line for the completion of the 162-kilometre Rasht-Astara railway line and electrification of Incheh Borun-Garmsar, both related to the INSTC. A few months later, in April 2022, Rostam Ghasemi and the Minister of Transport visited Moscow and signed a comprehensive agreement to expand bilateral cooperation in the transport sector.⁹⁸ The Rasht-Astara railway in Gilan province is crucial for direct and uninterrupted railway transportation along the INSTC, as it connects the rail networks of Azerbaijan, Russia, and Iran. Over the past decade, obtaining funding and building the Rasht-Astara line has been a major challenge for Tehran. In 2017, Azerbaijan agreed to a \$500 million loan, covering about half of the total construction costs. However, due to concerns about exposure to US secondary sanctions, Baku has declined to release the funds. Recently, Baku has shown increased interest in reviving the Soviet-era railway under the rubric of the so-called 'Zangezur corridor,' which bypasses Iran.

During President Putin's visit to Iran in July 2022 to participate in the Astana format meeting on Syria, top-level bilateral discussions reached a pivotal decision on Russia-Iran cooperation in the transportation sector, including the Rasht-Astara railway. In May 2023, President Putin and President Raisi signed an inter-governmental agreement worth 1.6 billion Euros on the financing of the design, construction and supply of goods and services for the Rasht-Astara railway line via videoconference.⁹⁹ Russian assistance in funding and engineering will be crucial for overcoming technical challenges such as unevenness of gauges, given that the railways in Russia and Azerbaijan have Soviet gauges of 1,520 mm, while in Iran they have gauges of 1,435 mm.¹⁰⁰

⁹⁸ "Iran, Russia ink comprehensive transport agreement", *Tehran Times*, 29 April 2022 at <https://www.tehrantimes.com/news/472175/Iran-Russia-ink-comprehensive-transport-agreement>, (Accessed on 17 March 2024).

⁹⁹ "Iran, Russia ink agreement for construction of Rasht-Astara railway", *President.ir*, 17 May 2023 at <https://president.ir/en/143976> (Accessed on 12 March 2024).

¹⁰⁰ Lana Rawandi Fadaei, "What North-South International Transport Corridor Means for Iran", Russian International Affairs Council, 3 August 2023 at <https://russiancouncil.ru/en/analytics-and-comments/analytics/what-north-south-international-transport-corridor-means-for-iran/> (Accessed on 19 March 2024).

After Iran and the EAEU's preferential agreement was signed in 2018, Iran and Russia embarked on an ambitious programme of expanding Caspian Sea shipping, mainly to facilitate their growing bilateral trade. A trans-Caspian route between Russia and Iran is envisaged as a 'maritime corridor' or the central branch of the INSTC. The INSTC has an eastern branch through Kazakhstan and Turkmenistan, which goes to the Iranian ports in the Persian Gulf, and a western branch that runs through Azerbaijan. To develop resilience to sanctions, Russia and Iran have looked at the trans-Caspian shipping route as an alternative direct path between Iranian and Russian ports. On 4 May 2022, the first Russian roll-on/roll-off (ro-ro) cargo vessel arrived at Iran's northern port of Noshahr after a gap of more than 20 years. According to the Head of Iran's Khazar Sea Shipping Lines, the shipment of export container goods rose by 120 per cent in the Caspian Sea in the first seven months of the Iranian calendar year, starting March 2022, compared to the previous year.¹⁰¹ Its fleets were operating at 100 per cent capacity to handle the shipping demand along the INSTC.

In another important step in maritime trade between Iran and Russia, in July 2022, the government of Russia's Astrakhan Region and Iran's Mostazafan Foundation, one of the largest Iranian funds that has been under the US sanctions, signed an agreement to establish a shipping company to develop the maritime route of the INSTC. In June 2022, state-run Islamic Republic of Iran Shipping Lines (IRISL) ran a pilot test on the INSTC.¹⁰² It coordinated the transport of containers of wood laminate sheets, weighing 41 tons, by road from St Petersburg to a jointly owned Iranian-Russian terminal in the Russian Caspian seaport city of Astrakhan, to Iran's Caspian port of Anzali and from there by road to Iran's Bandar Abbas port in the Persian Gulf and then on to Nhava Sheva port on India's western coast. The two

¹⁰¹ "Shipment of export container cargos rises 120% in Caspian Sea", *Tehran Times*, 27 November 2022 at <https://www.tehrantimes.com/news/479092/shipment-of-export-container-cargos-rises-120-in-caspian-sea> (Accessed on 11 March 2024).

¹⁰² 'Iran kicks off pilot transit via North-South Corridor', IRNA, 11 June 2022 at <https://en.irna.ir/news/84784416/Iran-kicks-off-pilot-transit-via-North-South-Corridor> (Accessed on 14 March 2024).

countries are also undertaking a joint shipbuilding venture in the Caspian Sea, under which Iranian companies will supply ship parts they manufacture to shipyards in Russia.¹⁰³ To meet the growing demand for a river-sea cargo ship dedicated to the Caspian Sea, Russia reached an agreement with Goa Shipyard Limited, a Government of India-owned military shipmaker, to construct twenty-four cargo ships by 2027.¹⁰⁴ The agreement was reached on the sidelines of the Astrakhan International Forum in October 2023. The Russian Agency for Export Credit and Investment Insurance will finance the project.

Observers have noted that the rapid growth in trade and transit between Russia and Iran through the Caspian Sea route is also visible in an increase in the Russian and Iranian-flagged vessels' AIS gaps, which is the time when a vessel's Automatic Identification System stops transmitting.¹⁰⁵ Also, the vessels travelling between the two countries are conducting dark port calls—calling at ports with their AIS switched off—and engaging in ship-to-ship transfers, which may be aimed at obfuscating their journeys. Most of the vessels making these clandestine journeys are cargo vessels, leading some to argue that the trans-Caspian route has emerged as a sanctions-proof route for Russia's trade with Iran and other Asian countries. Western commentators also say that dark journeys being made by their cargo ships to obfuscate the movement of goods suggest suspected weapons transfer from Iran to Russia along the trans-Caspian route.¹⁰⁶

¹⁰³ "Iran, Russia reach initial agreement for joint ship production", PressTV, 16 June 2022 at <https://www.presstv.ir/Detail/2022/06/16/684032/Iran-Russia-joint-shipbuilding-venture-agreement> (Accessed on 15 March 2024).

¹⁰⁴ "India to Build 24 Cargo Ships for Russia", *The Maritime Executive*, 3 November 2023 at <https://maritime-executive.com/article/india-to-build-24-cargo-ships-for-russia> (Accessed on 17 May 2024).

¹⁰⁵ Elisabeth Braw, "The Caspian Sea Is a Sanctions-Busting Paradise", *Foreign Policy*, 14 August 2023 at <https://foreignpolicy.com/2023/08/14/russia-iran-caspian-sea-sanctions-busting-paradise/> (Accessed on 17 May 2024).

¹⁰⁶ Lauren Kent and Salma Abdelaziz, "Iran has a direct route to send Russia weapons – and Western powers can do little to stop the shipments," CNN, 26 May 2023 at <https://edition.cnn.com/2023/05/26/europe/iran-russia-shipments-caspian-sea-intl-cmd/index.html> (Accessed 10 March 2024).

IRAN-RUSSIA ENERGY COOPERATION

At a time when sanctions have deterred Western oil companies from investing in Iran, Iran has sought investment from Russian companies in new Iranian oil fields as well as technology transfer. As the Western sanctions on Russia cut off Russia's energy exports to Europe, Russia has expanded its energy cooperation with Iran, especially to develop new export routes through Iran. In July 2022, the National Iranian Oil Company (NIOC) and Russia's Gazprom signed a MoU worth roughly US\$40 billion envisaging cooperation in the development of the Kish and North Pars gas fields, the pressure enhancement of the South Pars gas fields, development of six Iranian oil fields with Russian investment, gas and product swap, completion of LNG projects, construction of gas export pipelines and other scientific and technological cooperation.¹⁰⁷ Boosting pressure to improve extraction from the South Pars offshore gas field is a vital project, as the field supplies 75 percent of national demand. However, their difficulties in converting MoUs into contracts were exposed when the Pars Oil and Gas Company, a subsidiary of NIOC, signed an agreement for pressure boosting with several local companies, including the IRGC's Al-Anbiya Construction Headquarters, in March 2024.

Russia and Iran also have mutual interests in swapping oil and gas through Iranian territory to supply markets in the West and South Asia.¹⁰⁸ While most of Iran's oil and gas fields and refineries are in the Persian Gulf, much of Iran's domestic demand comes from its densely populated northern provinces. Iran has been keen on swapping oil and gas from Russia and the Caspian Basin countries to meet its domestic needs during the cold autumn and winter seasons, while freeing up the

¹⁰⁷ Sibel Morrow, "Iran and Russia's Gazprom ink \$40B MoU for hydrocarbon development", Anadolu Agency, 19 July 2022 at <https://www.aa.com.tr/en/energy/international-relations/iran-and-russia-s-gazprom-ink-40b-mou-for-hydrocarbon-development/35853> (Accessed 10 March 2024).

¹⁰⁸ "Iran, Russia boosting economic cooperation", *Tehran Times*, 13 February 2023 at <https://www.tehrantimes.com/news/481883/Iran-Russia-boosting-economic-cooperation> (Accessed on 11 March 2024).

equivalent capacity for export from Iran's southern ports.¹⁰⁹ The two sides have also engaged in lengthy negotiations on swap supplies considering different logistics routes, including through the Caspian Sea, by rail, and via oil pipeline. Iran aspires to be a regional 'gas hub' for supplying Russian gas to Asian markets. Russian Deputy Prime Minister Alexander Novak, also co-chair of the Russia-Iran Joint Economic Commission, said that during the first stage, swap volumes should reach about 5 million tonnes of oil and 10 billion cubic meters (bcm) of gas per year.¹¹⁰

As Iran and Russia do not share a land border, they must swap oil and gas from two routes, namely Kazakhstan and Turkmenistan in Central Asia or Azerbaijan in the Caucasus. Iran's gas distribution network, which is integrated with several neighbouring countries, has the potential to transfer 1.2 billion cubic meters of gas per day.¹¹¹ Both countries are keen to develop an underwater Russia-Iran gas pipeline in the Caspian Sea. Russia, which has seabed gas pipeline construction technology, is also expected to fund the pipeline project.¹¹² The agreement on the pipeline was reached after the Iranian National Gas Company (NIGC) and the Russian company Gazprom signed an MoU in June 2024 for natural gas transfer from Russia to Iran. Under the 30-year contract, Iran will import 300 million cubic meters of gas daily, which it will use to address power shortages in Iran and supply neighbouring countries such as Turkey, Iraq, and Pakistan.

¹⁰⁹ Vali Kaleji, "Iran and Russia: from "Oil-for-Goods Swap" to "Oil-Gas Swap", *The Central Asia- Caucasus Analyst*, 17 January 2023 at [https://www.cacianalyst.org/publications/analytical-articles/item/13743-iran-and-russia-from-"oil-for-goods-swap"-to-"oil-gas-swap".html](https://www.cacianalyst.org/publications/analytical-articles/item/13743-iran-and-russia-from-) (Accessed on 12 March 2024).

¹¹⁰ "Russia and Iran continue to discuss swap supplies of oil and gas, logistical issues remain", *Interfax*, 29 February 2024 at <https://interfax.com/newsroom/top-stories/99935/> (Accessed on 12 March 2024).

¹¹¹ "Owji provides more details on Iran-Russia gas pipeline," *Mehr News*, 20 July 2024 at <https://en.mehrnews.com/news/218086/Owji-provides-more-details-on-Iran-Russia-gas-pipeline> (Accessed on 15 October 2024).

¹¹² Ibid.

RUSSIA-IRAN DEFENCE COOPERATION ON AN UPWARD TRAJECTORY

In the 1990s, when China was reluctant to supply Iran with sophisticated weaponry to avoid an open confrontation with the US, Tehran turned to Russia to fill gaps in its conventional arms. In the early 1990s, when Russia's economy heavily relied on revenue from the arms trade, Moscow sold large amounts of military hardware, including fighter jets, submarines, and armoured vehicles, to Tehran.¹¹³ As a result, Iran has viewed Russia as an essential partner for military and security cooperation.

However, their defence cooperation largely came to a standstill as a variety of UN and Western sanctions were imposed on Iran over its nuclear programme. In 2007, Russia signed a contract to supply four S-300 air defence systems of medium range worth over \$800 million to Iran. However, due to proliferation concerns from Iran and Russia's desire to lead in the P5+1 group (the US, the UK, Russia, China, France, and Germany) in supporting the nuclear non-proliferation regime, it was compelled to exert concerted pressure on Iran through the UN Security Council. Later, citing the fourth round of UNSC sanctions in 2010, Russia withdrew from its commitment under the contract and refunded the \$167 million advanced payment to Iran.¹¹⁴ Notably, Washington and Israel heavily lobbied Russia to block the missile sale, saying it could be used to shield Iran's nuclear facilities from potential future air strikes. However, Russia maintained that the restriction on the deliveries was meant to encourage progress in the nuclear talks, thus removing the pretext for a military conflict involving the US and

¹¹³ Fuad Shahbazov, "Increased Russian-Iranian Defense Cooperation Poses Threat to Ukraine and the West", The Jamestown Foundation, 12 December 2023 at <https://jamestown.org/program/increased-russian-iranian-defense-cooperation-poses-threat-to-ukraine-and-the-west/> (Accessed on 2 March 2024).

¹¹⁴ Mariya Y. Omelicheva, "Russia's Foreign Policy toward Iran: A Critical Geopolitics Perspective", *Journal of Balkan and Near Eastern Studies*, 14 (3), September 2012, pp. 331–344.

Iran.¹¹⁵ Iran even complained against Russia at an international court of arbitration. It was only after Iran signed the nuclear agreement that Russia ended its voluntary embargo on deliveries of S-300 missile systems.¹¹⁶ Russian Defence Minister Sergei Shoigu's visit to Iran in January 2015 was the first such visit in 15 years.¹¹⁷ On the occasion, the two sides agreed to resolve problems with the delivery of the advanced missile system and reached a bilateral agreement to boost military-technical cooperation. Implementing the S-300 agreement paved the way for more intense defence cooperation.

IRAN-RUSSIA MILITARY COOPERATION IN SYRIA

Russia's intervention in the Syrian civil war in September 2015, providing air power to Syrian and Iranian-backed ground forces, significantly enhanced regularised military and political exchanges between Iran and Russia. Iranian security establishment, especially the IRGC, has maintained that Russia's provision of modern artillery systems and adequate air support addressed the two significant shortcomings facing Iran and the Syrian government, thus changing the balance of power in favour of Damascus.¹¹⁸ Soon after it entered Syria, Moscow announced the establishment of the Baghdad Information Centre—facilitating joint intelligence sharing between Russia, Iran, Iraq and Syria, especially coordinating intelligence against the Islamic State and operations around the Syrian-Iraqi border.¹¹⁹ As much of the planning

¹¹⁵ Dmitry Rogulin, "Russia's S-300 missile system to be supplied to Iran when lawsuit is settled — deputy FM", Russian Defense Agency, 27 May 2015 at <https://tass.com/world/797056> (Accessed on 1 March 2024).

¹¹⁶ Ibid.

¹¹⁷ Thomas Grove, "Russia may send S-300 missile system to Iran – media", Reuters, 20 January 2015 at <https://www.reuters.com/article/idUSKBN0KT1K3/> (Accessed on 1 March 2024).

¹¹⁸ Nikolay Kozhanov, "Russian-Iranian Relations through the Prism of the Syrian Crisis", Insight Turkey, 1 November 2017 at <https://www.insightturkey.com/articles/russian-iranian-relations-through-the-prism-of-the-syrian-crisis> (Accessed on 20 March 2024).

¹¹⁹ Manar al-Frieh/H. Said, "Moscow: Establishing coordination structure based on Baghdad Information Center", Syrian Arab News Agency, 29 September 2015 at <https://sana.sy/en/?p=56212> (Accessed on 19 March 2024).

for the operation was carried out under Russia's Aerospace Forces (VKS), Navy, and Special Operations Forces, Syrian intelligence, the IRGC combat detachments, Hezbollah, Al-Quds, and National Defense Forces placed their liaison elements at the Russian command post in Khmeimim airbase to facilitate battlefield coordination.¹²⁰ These experiences enhanced Russia's operational links with the IRGC and its regional allies. From the perspective of the IRGC, the Russian military presence in Syria—including the Navy's foothold in Tartus and Latakia, the air base at Khmeimim, and the deployment of sophisticated S-300 and S-400 air defence systems—played a crucial role in securing the Syrian government.¹²¹

However, despite the unprecedented level of regular high-level military and intelligence contacts and operational links established across Syria, several factors lead the moderate elites and intellectuals in Iran to argue that cooperation between Iran and Russia is of a limited and tactical nature. They argue that Iran-Russia cooperation in Syria, rather than being a turning point, was in keeping with the existing trend of the relationship. In other words, it is driven exclusively by Moscow's pragmatism, where the Kremlin used Iran to realise its goals rather than any partnership obligations towards Tehran.¹²² The Russian strategic calculus in Syria was shaped by its growing confrontation with the West, since the Russian annexation of Crimea, the threat of terrorism and its expectations to recover Russia's great power status by projecting power and countering US geopolitics in West Asia, especially the calls for a NATO enforced no-fly zone over Syria, as a precursor to a Libyan-style regime change in Damascus. Eventually, the Islamic State offensive in northeast Syria, together with rebel resurgence in northwest and southern Syria, led decision-makers in Moscow to conclude that

¹²⁰ Nicole Grajewski, "The Evolution of Russian and Iranian Cooperation in Syria," CSIS, 17 November 2021 at <https://www.csis.org/analysis/evolution-russian-and-iranian-cooperation-syria> (Accessed on 12 March 2024).

¹²¹ Abdolrasool Divsallar, "Shifting Threats and Strategic Adjustment in Iran's Foreign Policy: The case of Strait of Hormuz", *British Journal of Middle Eastern Studies*, 49 (5), 2022, pp.973-895.

¹²² Nikolay Kozhanov, "Russian-Iranian Relations through the Prism of the Syrian Crisis", *Insight Turkey*, 19, 2017, pp.105-124.

the fall of the Assad regime would lead to the spread of instability and radical Sunni Islamist forces to the post-Soviet space.¹²³ Further, Russia's balancing role between regional influencers in Syria, including Turkey, Iran and Israel, has sat uneasily with Tehran. Russia's tolerance for Turkey's military operation against the Kurdish Syrian Democratic Forces and incursions into Syrian territory and Russia's 'de-confliction mechanism' with Israel, which allowed Israeli airstrikes on Iranian weapon transfer to Hezbollah and Iranian-backed militias near the Syrian Golan Heights, ran counter to Iranian goals in Syria.

From the beginning of its military campaign, Russia had concerns about the excessive influence of Iranian-backed militias and non-state actors. It, therefore, focused its efforts on restoring the combat capability of the Syrian Army, especially the elite 25th Special Mission Division and Volunteer Assault Corps, to reinforce its advantage in Syria.¹²⁴ However, with the onset of the Russia-Ukraine War in January 2022, Russia has come to rely more heavily on Iran in Syria. As Moscow redeployed some aircraft and an S-300 air-defence system in October 2023 and drew down what was already a minimal presence on the ground, Iranian-backed forces took over some of the command posts from Russia.¹²⁵ The withdrawal of the defence system, which occasionally acted as a barrier to Israeli airstrikes in various parts of Syria, and fears that Iran would fill the vacuum left by Moscow, led Israel to target Hezbollah and Iranian assets more aggressively. Additionally, increased cooperation between Iran and Russia in Syria made Israelis wary of coordinating their air campaign with Russia and ignoring Russian requests that Israel "inform Moscow of Iranian threats, not bomb them."¹²⁶

¹²³ Ibid.

¹²⁴ Ibid.

¹²⁵ Nicole Grajewski, "Why Syria Matters to the Kremlin," *The Atlantic*, 3 December 2024 at <https://www.theatlantic.com/international/archive/2024/12/syria-matters-russia/680858/> (Accessed on 12 February 2025).

¹²⁶ Jomana Qaddour and Abdulrahman al-Masri, "Don't rely on Moscow to help with "reconciliation" in Syria's Daraa province," Atlantic Council, 23 February 2021 at <https://www.atlanticcouncil.org/blogs/menasource/dont-rely-on-moscow-to-help-with-reconciliation-in-syrias-daraa-province/> (Accessed on 12 November 2024).

Both Russia and Iran urged Assad to engage Turkey politically, which continued to support Islamist rebels in control of territory in northwestern Syria and remained in direct control of Syrian territory along the Syria-Turkey border. In the wake of the rebel offensive in November 2024, Moscow and Tehran coordinated their approaches, favouring a comprehensive political process and cessation of military operations. While the US and Europe are keen to exclude Iran and Russia from Syria's future, Moscow and Tehran have taken a pragmatic approach to engaging new authorities in Syria. The outsized influence of Turkey in post-Assad Syria and Israeli incursion into Syrian territory beyond the occupied Golan Heights have led both Russia and Iran to adopt the rhetoric of supporting Turkey's sovereignty and territorial integrity and an inclusive political process involving Syria's diverse ethnicities and sects.

In late January 2025, a Russian delegation led by Deputy Foreign Minister Mikhail Bogdanov visited Syria.¹²⁷ During the visit, Bogdanov held out the promise of aid and food exports to Syria and tried to reach an understanding on securing the future of Russia's naval base in Tartous and airbase at Khmeimim. In February, Mohammad Reza Raouf Sheibani, appointed by Iranian Foreign Minister Abbas Araghchi as his Special Representative for Syrian Affairs a month earlier, met Bogdanov in Moscow for consultations on Syria. Subsequently, Sheibani announced an indirect exchange of "positive messages" between Tehran and Damascus. These statements suggested Russia might have acted as an intermediary facilitating communication between Damascus and Tehran.¹²⁸

¹²⁷ "Russian diplomats make first visit to Syria since al-Assad's removal," *Al Jazeera*, 28 January 2025 at <https://www.aljazeera.com/news/2025/1/28/russian-diplomats-make-first-visit-to-syria-since-al-assads-removal>, (Accessed on 21 February 2025).

¹²⁸ "Iran confirms 'indirect' diplomatic engagement with Syria's new leadership," *Tehran Times*, 15 February 2025 at <https://www.tehrantimes.com/news/509806/Iran-confirms-indirect-diplomatic-engagement-with-Syria-s-new> (Accessed on 21 February 2025).

IRAN-RUSSIA NAVAL COOPERATION IN THE PERSIAN GULF

In 2016, Russia and Iran established a joint military commission, marking an important move towards institutionalising military and defence cooperation.¹²⁹ The two countries' defence relations have benefited from better planning and an unprecedented level of regular high-level military and intelligence contacts. Since the Trump administration launched sanctions-based 'maximum pressure' on Iran, Iran has faced a heightened threat environment. In this context, Iran's strategy was to respond by creating measured tensions and insecurity in the strategic Strait of Hormuz. A spate of security incidents in the Strait of Hormuz and Gulf of Oman created insecurity for regional actors, especially neighbouring Arab States and international actors such as Europe, China, Japan and India. The idea was that measured disruptions would not provoke military retaliation by the US. Simultaneously, collective insecurity in the strategic passageway—through which 90 per cent of Persian Gulf oil is exported, making up about 20 per cent of the world's supply—would encourage key regional and international actors to engage more actively in de-escalation.

On 29 June 2019, the IRGC air defence missile shot down a US RQ-4A Global Hawk drone in the Strait of Hormuz, alleging that it had violated Iranian airspace.¹³⁰ Subsequently, to reinforce its role as the guarantor of Gulf Security and international trade through the chokepoint, the United States announced an international naval coalition to ensure freedom of navigation in the Strait under the International

¹²⁹ Abdolrasool Divsallar and Pyotr Kortony, "The Fallout of the US-Iran Confrontation for Russia: Revisiting Factors in Moscow's Calculus", European University Institute, 22 December 2020 at <https://cadmus.eui.eu/bitstream/handle/1814/69699/QM-01-20-780-EN-N.pdf?sequence=1&isAllowed=y> (Accessed on 1 March 2024).

¹³⁰ Joshua Berlinger et. al., "Iran shoots down US drone aircraft, raising tensions further in Strait of Hormuz", CNN, 20 June 2019 at <https://edition.cnn.com/2019/06/20/middleeast/iran-drone-claim-hnk-intl/index.html> (Accessed on 13 October 2024).

Maritime Security Construct (IMSC). Under the initiative, formally launched in November 2019, the US CENTCOM provided command ships and led surveillance efforts in the seas off Iran and Yemen, while allies began patrolling waters near those US command ships and escorting commercial vessels with their nation's flags.¹³¹ To counter the US-led efforts to confront Iran in the Persian Gulf, Tehran's strategy was what Divsallar describes as "accelerating the multilateralisation of the Persian Gulf politics."¹³² Iran's strategy has relied on Strait security as a rationale to encourage a balancing coalition with China and Russia against the network of US partnership and naval supremacy. Given Russia's ambitions to become a great maritime power capable of competing with the West, Iran offers Russia the prospects of greater collaboration and a foothold in the strategic warm waters of the Persian Gulf.¹³³ Just before the formation of the IMSC, Russia, at the United Nations, introduced its concept of collective security in the Persian Gulf. Having criticised US attempts to create an anti-Iran coalition as unhelpful towards resolving numerous problems in the Middle East¹³⁴, it maintained that practical work on launching the process of creating a security system in the Persian Gulf may be started by holding bilateral and multilateral consultations between interested parties, including countries both within the region and outside of it, UN Security Council, LAS [League of Arab States], OIC [Organization of Islamic

¹³¹ "US plans coalition of allies to patrol waters off Iran and Yemen", *The Guardian*, 10 July 2019 at <https://www.theguardian.com/world/2019/jul/10/us-plans-coalition-of-military-allies-to-patrol-waters-off-iran-and-yemen-gulf> (Accessed on 13 October 2024).

¹³² Abdolrasool Divsallar, 'Shifting Threats and Strategic Adjustment in Iran's Foreign Policy: The case of Strait of Hormuz', *British Journal of Middle Eastern Studies*, 49 (5), 2022, pp.973-895.

¹³³ Hamidreza Azizi, "Will Russia's new naval doctrine transform cooperation with Iran?" Amwaj Media, 19 August 2022 at <https://amwaj.media/article/what-russia-s-new-naval-doctrine-says-about-tehran-moscow-relations> (Accessed on 15 March 2024).

¹³⁴ "Russian Envoy to UN Blasts Attempts by US to Form Anti-Iran Coalition", Tasnim News Agency, 15 February 2019 at <https://www.tasnimnews.com/en/news/2019/02/15/1947640/russian-envoy-to-un-blasts-attempts-by-us-to-form-anti-iran-coalition> (Accessed on 12 March 2024).

Cooperation], GCC [Gulf Cooperation Council].¹³⁵ While aiming to elevate Russia's influence in a strategic region, Moscow's proposal for a new security system also aligned with Iran's call for multilateral regional cooperation as essential for de-escalation and lasting stability in the Persian Gulf sub-region.

When Iranian Defence Minister Brigadier General Amir Hatami visited Moscow to attend the Moscow Conference on International Security in April 2019, his Russian counterpart, Sergei Shoigu, mentioned that the discussion agenda included "the most urgent issues concerning military cooperation, which has reached an extremely high level in recent years."¹³⁶ In August 2019, the Iranian Navy, retaliating against the impounding of Iranian tankers by US allies, seized a British-flagged oil tanker in the Strait of Hormuz. Around the same time, Iran's Navy Commander Hossein Khanzadi argued that Iranian and Russian armed forces had signed a "classified" deal, which was a "turning point" in military cooperation between Iran and Russia.¹³⁷ This was followed by the trilateral naval exercise by Iran, Russia and China in the Gulf of Oman in December 2019. The exercises involved a series of relatively simple tactical operations, including live fire drills and anti-piracy exercises. Russian and Chinese officials portrayed the drills as routine anti-piracy operations to avoid linking them with the regional situation.¹³⁸

¹³⁵ "Russia presents to UN its concept of collective security in Persian Gulf", Russian News Agency, 30 July 2019 at <https://tass.com/world/1070933> (Accessed on 19 December 2023).

¹³⁶ "Russian Defence Minister highly appreciates Russian-Iranian military cooperation," Russian Federation Defence Ministry, 24 April 2019 at <https://eng.mil.ru/en/mcis/news/more.htm?id=12227769@egNews>, (Accessed on 20 December 2023).

¹³⁷ "Iran seals military deal with Russia: commander", Xinhua, 5 August 2019 at http://www.xinhuanet.com/english/2019-08/05/c_138285771.htm (Accessed 20 December 2023).

¹³⁸ "China, Russia, Iran start joint naval exercise in Gulf of Oman", CGTN, 27 December 2019 at <https://news.cgtn.com/news/2019-12-27/China-Russia-Iran-start-joint-naval-exercise-in-Gulf-of-Oman-MLzwsImQWk/index.html> (Accessed on 21 December 2023).

However, the Iranian Armed Forces Flotilla Commander in charge of the exercises, Rear Admiral Gholamreza Tahani, described the joint exercises within the framework of collective naval security arrangements. Terming the Indian Ocean's "Golden Triangle" of strategic straits (the Strait of Hormuz, the Strait of Malacca, and the Bab al-Mandeb), he observed: "[N]o single country can guarantee the security of the oceans. For this purpose, a collective effort is needed. To secure the ocean, countries are seeking synergy and convergence while holding joint naval exercises in oceanic waters."¹³⁹ The joint naval exercises, which have become an annual event since then, strengthen Russia and China's position in enhancing maritime security, counter the US hegemonic role, and promote some level of operational cooperation among the three navies.¹⁴⁰

GROWING TRAJECTORY OF RUSSIA-IRAN DEFENCE COOPERATION

Russian and Iranian scholars point out that a key aspect of Russia's approach to military cooperation has been Moscow's recognition of the Islamic Republic's perception of existential threats. Moscow considers Iran's right to maintain defensive capabilities against threats legitimate.¹⁴¹ Further, to discourage Tehran from seeking the benefits

¹³⁹ Syed Fazl-e-Haider, "The Strategic Implications of Chinese-Iranian-Russian Naval Drills in the Indian Ocean", The Jamestown Foundation, 17 January 2020 at <https://jamestown.org/program/the-strategic-implications-of-chinese-iranian-russian-naval-drills-in-the-indian-ocean/> (Accessed on 12 March 2024).

¹⁴⁰ Lucas Winter, Jemima Baar and Jason Warner, "The Axis Off-Kilter: Why An Iran-Russia-China "Axis" Is Shakier Than Meets The Eye", War On The Rocks, 19 April 2024 at <https://warontherocks.com/2024/04/the-axis-off-kilter-why-an-iran-russia-china-axis-is-shakier-than-meets-the-eye/> (Accessed on 12 March 2024).

¹⁴¹ Abdolrasool Divsallar and Pyotr Kortunov, 'The Fallout of the US-Iran Confrontation for Russia: Revisiting Factors in Moscow's Calculus', European University Institute, 2021 at <https://cadmus.eui.eu/handle/1814/69699> (Accessed on 1 March 2024).

of nuclear weapons, Russia's approach has been to offer Iran military assistance towards strengthening conventional deterrence and defensive capabilities. In October 2021, Iranian Armed Forces Chief Mohammad Baqeri visited Russia to discuss the situation in Afghanistan after the US military withdrawal from the country.¹⁴² The two sides also discussed arms purchases, given the UN arms embargo that had been imposed on Iran for 13 years expired in October 2020 under the five-year timetable set out in the Iran nuclear deal and UN Security Council Resolution 2231(2015), freeing Tehran to buy and sell conventional weapons. Both Moscow and Beijing had firmly rejected the US efforts and calls from the GCC countries for review and extension of an arms embargo on Tehran.¹⁴³

A day after Russian forces invaded Ukraine, President Raisi, in a phone call to his Russian counterpart, Vladimir Putin, concurred with Moscow's position against NATO's expansion, noting that, "NATO's eastward expansion is a serious threat to the stability and security of independent countries in different regions." However, Foreign Minister Hossein Amir-Abdollahian struck a more cautious note, expressing hope that "the ongoing crisis will be settled through political talks." Supreme Leader Ayatollah Khamenei, while advocating for ending the war in Ukraine, blamed the West for the crisis: "The root of the crisis in Ukraine is the US policies that create a crisis, and Ukraine is one victim of these policies." However, Iran has not recognised Russia's annexation of Crimea or the separation of Luhansk and Donetsk from Ukraine, insisting that it takes a principled position within the framework of international law. Given Iran's long experience of separatist movements

¹⁴² "Iranian military chief follows arms deals in trip to Russia", *Tehran Times*, 18 October 2021 at <https://www.tehrantimes.com/news/466166/Iranian-military-chief-follows-arms-deals-in-trip-to-Russia> (Accessed on 12 December 2023).

¹⁴³ "Iran: The U.S. Brings Maximum Pressure to the UN", Crisis Group, 19 August 2020 at <https://www.crisisgroup.org/middle-east-north-africa/gulf-and-arabian-peninsula/iran/218-iran-us-brings-maximum-pressure-un> (Accessed on 11 December 2023).

on its territory and a war with Iraq over territorial issues, Tehran opposed the use of force for territorial gains or border change.¹⁴⁴

The Russian invasion and the subsequent confrontation between Russia and the West also contributed to derailing the P5+1 talks for reviving the nuclear agreement. Moscow's demand for US guarantees for protecting the entire gamut of Iran-Russia bilateral economic ties from Western sanctions on Russia over the Ukraine War, led the EU coordinator of talks to announce an indefinite 'pause.' On the fallout of the crisis in Ukraine on nuclear talks in Vienna, former chairman of the Iranian parliament's National Security and Foreign Policy Committee Heshamatollah Falahatpisheh argued that "Russians carry out their international policies – JCPOA is one of those – based on their first foreign policy priority which is Ukraine... they would not have let the (nuclear) talks reach a result before they attacked Ukraine."¹⁴⁵ These remarks underscore the deep suspicion among moderate and reformist factions of Iranian political elites about Russia's tendency to use Iran as a pawn on the geopolitical chessboard.

In the wake of Russia's full-scale invasion of Ukraine, Iran-Russia military cooperation reached a new level and acquired a reciprocal dimension. Analysts note that with Iran's supply of its indigenously produced drones and drone production technology and training, the relationship has fundamentally changed from the historical patron-client to one marked by interdependence. In October 2022, Ukraine sent a letter to the UN Security Council alleging that Iran had transferred Mohajer and Shahed-series UAVs to Russia in late August.¹⁴⁶ The letter

¹⁴⁴ "Iran does not recognise annexation of Russian-captured Ukrainian regions," *Ukrainska Pravda*, 19 January 2023 at <https://www.pravda.com.ua/eng/news/2023/01/19/7385636/> (Accessed on 29 March 2024).

¹⁴⁵ "Iranian press review: Economists tout 'benefits' of Russia-Ukraine war", *Middle East Eye*, 1 March 2024 at <https://www.middleeasteye.net/news/russia-ukraine-war-iran-economists-benefits-press-review> (Accessed on 29 March 2024).

¹⁴⁶ "Maintenance of International Peace and Security: Open Briefing on Article 100 of the UN Charter," Security Council Report, 26 October 2022 at <https://www.securitycouncilreport.org/whatsinblue/2022/10/maintenance-of-international-peace-and-security-open-briefing-on-article-100-of-the-un-charter.php>, (Accessed on 19 March 2024).

resonated with the position taken by Britain, France, Germany and the US that the supply of Iranian-made drones to Russia violates UN Resolution 2231, which prohibited member states from engaging in the sale or purchase of missiles and related technologies with Iran until October 2023 and extended to advanced military systems such as drones. Iranian Foreign Minister Hossein Abdollahian, while acknowledging that Iran had supplied Moscow with drones before the war in Ukraine, denied claims that Iran was supplying drones for use in the Ukraine conflict. Tehran's offer to examine these claims through technical talks with Ukraine failed to convince Ukraine or its Western supporters.¹⁴⁷

Chief of Staff of Iranian Armed Forces, Major General Mohammad Hossein Bagheri, in a press meet in Tehran in December 2022, stated that all the hue and cry regarding the deployment of Iranian drones in the conflict in Ukraine by the "world of arrogance", a reference to the United States, is "part of the enemy's psychological warfare."¹⁴⁸ He maintained that while many of these allegations are fake, they demonstrate Iran's significant influence, relevance, and advanced drone technology. He went on to describe Iran as one of the world's top five drone powers, saying Iranian UAVs can carry out a wide range of operations with great precision and flying endurance. In January 2023, the US Treasury sanctioned six executives and board members of key Iranian defence manufacturers responsible for designing and producing drones, Qods Aviation Industries and Aerospace Industries Organisation, to impose costs on Iran for its deepening military cooperation with Russia. However, Iranian entities that have been under US sanctions for several years have not been deterred by US pressure.

¹⁴⁷ "Iran FM categorically dismisses drone allegations, opposes war in Ukraine", *Tehran Times*, 29 October 2022 at <https://www.tehrantimes.com/news/478102/Iran-FM-categorically-dismisses-drone-allegations-opposes-war> (Accessed on 29 March 2024).

¹⁴⁸ "Top general dismisses claims of Iranian drones in Ukraine war", *Tehran Times*, 25 December 2022 at <https://www.tehrantimes.com/news/480117/Top-general-dismisses-claims-of-Iranian-drones-in-Ukraine-war> (Accessed on 1 May 2024).

In June 2023, the US officials claimed that they possessed intelligence about the Iranian government helping Russia to build a drone manufacturing plant in the Alabuga Special Economic Zone near Moscow.¹⁴⁹ At a time when Russia faces difficulties in accessing the Western-produced chips needed for more advanced weapon systems, Iran's less sophisticated and cheaper drones have become part of Russia's battlefield strategy of launching them in massive numbers to saturate Ukraine's air defence systems and hit soft targets such as power stations and other infrastructure.¹⁵⁰ Reportedly, Iran has also extended crucial support for Russia's ground war, including through artillery shells, small-arms ammunition, anti-tank rockets, mortar bombs, and glide bombs.¹⁵¹

For its part, Iran is counting on Russia to supply advanced equipment, including military helicopters, fighter jets and air defence systems, to bolster its conventional capabilities. In September 2023, the Iranian Air Force released images confirming that it had taken delivery of Russian-made Yak-130 advanced jet trainers.¹⁵² The advanced aircraft would allow Iranian military pilots to train to operate the 4+ and fifth-generation fighter jets, like Sukhoi Su-57. In March 2023, Iran's permanent delegation to the United Nations acknowledged that the

¹⁴⁹ "US says Iran is helping Russia build drone manufacturing facility", Al Jazeera, 9 June 2023 at <https://www.aljazeera.com/news/2023/6/9/us-says-iran-is-helping-russia-build-drone-manufacturing-facility> (Accessed on 1 May 2024).

¹⁵⁰ Sina Azodiarman Mahmoudian, "Iran's Historic Interdependence With Russia Takes A Turn — Over Europe", Responsible Statecraft, 28 March 2023 at <https://responsiblestatecraft.org/2023/03/28/irans-historic-interdependence-with-russia-takes-a-turn-over-europe/> (Accessed on 12 December 2023).

¹⁵¹ Hanna Notte and Jim Lamson, "The Uncomfortable Reality of Russia and Iran's New Defense Relationship", *War on the Rocks*, 24 July 2024 at <https://warontherocks.com/2024/07/the-uncomfortable-reality-of-russia-and-irans-new-defense-relationship/>, (Accessed 21 October 2024).

¹⁵² "Iran Gets Yak-130 Jet Trainer", Tasnim News Agency, 02 September 2023 at <https://www.tasnimnews.com/en/news/2023/09/02/2950839/iran-gets-yak-130-jet-trainer> (Accessed on 1 May 2024).

Government had sealed a contract to acquire the SU-35 advanced fighter aircraft from Russia.¹⁵³ According to Iranian media sources, at the time, 24 units of the fighter jets were being delivered to Iran. However, in July 2023, Defence Minister Mohammad Reza Ashtiani's remarks about the state of the agreement led to speculations that the deal had collapsed. The minister had argued that "sometimes, we make a deal for a purchase, but reach the conclusion that we have the capability to produce at home."¹⁵⁴ In January 2025, Deputy Chief of the Khatam al-Anbiya Central Headquarters of the Iranian Armed Forces General Ali Shadmani noted that Iran had purchased Russian Su-35 fighters without specifying the number of planes bought. Interestingly, the spokesperson of the Russian Foreign Ministry declined to comment on reports of Russia supplying Su-35 fighter jets to Iran. The air of secrecy and confusion surrounding the purchase of advanced aircraft to Russia reflects Moscow's cautious approach in not upsetting relations with Iran's regional rivals, Israel, Saudi Arabia and the UAE. Moscow values their cooperation with the Gulf States in the OPEC+ format to keep oil prices at a sustainable level. Given that a key interest for Russia is to undermine the US dominant role in West Asia, it tries to maintain a balanced approach in relations with regional powers. It would avoid being seen as an ally or patron of Iran, which would further drive Iran's Gulf rivals closer to the United States.

In January 2024, Russian Security Council Secretary Nikolai Patrushev and his Iranian counterpart, Rear Admiral Ali Akbar Ahamdian, during their talks in Moscow, announced that the two countries had established a new type of bilateral military relationship. A month later, they met in Bishkek on the sidelines of a multilateral meeting of Security Council Chiefs on Afghanistan. Their discussions focused on security issues in

¹⁵³ "Iran to get first shipment of SU-35 warplanes next week," *Tehran Times*, 13 May 2023 at <https://www.tehrantimes.com/news/484677/Iran-to-get-first-shipment-of-SU-35-warplanes-next-week> (Accessed 12 May 2024).

¹⁵⁴ "Has Iran's 'deal' to acquire Russian warplanes collapsed?" *Amwaj Media*, 25 July 2023 at <https://amwaj.media/media-monitor/has-iran-s-deal-to-acquire-russian-warplanes-collapsed> (Accessed on 13 May, 2024).

the Middle East and Central Asia and the prospects of Russian-Iranian cooperation in countering challenges and threats to the security of both states.¹⁵⁵ Subsequently, a Reuters Report citing unnamed Iranian-based sources claimed that Iran had provided Russia with about 400 missiles, most of which belong to the *Fateh-110* group of short-range Iranian ballistic missiles, with some having a range of 300 to 700 kilometres.¹⁵⁶ The Report claimed that missiles began to be supplied to Russia in early January as part of the agreements concluded in late 2023 during meetings at the military and intelligence services level in Tehran and Moscow. Russian Defence Minister Sergey Shoigu, on a visit to Tehran in September 2023, was taken to an exhibition displaying an array of Iranian arms, including a selection of ballistic missiles, missile defence systems, and drones. At that time, the Chief of Staff of the Iranian armed forces, Mohammad Bagheri, had noted that military cooperation is at the vanguard of expanding relations between Tehran and Moscow, who are negotiating a long-term cooperation document, essentially a roadmap for bilateral relations, which has “serious military and defence dimensions.”¹⁵⁷ Both Russian and Iranian officials have denied any transfer of Iranian missiles to Russia. In September 2024, the US State Department sanctioned 10 individuals and six entities based in Russia and Iran, including National carrier Iran Air, over the suspected arms deliveries.¹⁵⁸ Britain, France and Germany followed suit by cancelling

¹⁵⁵ “Russian, Iranian top security officials discuss security in Middle East, Central Asia”, TASS, 15 February 2024 at <https://tass.com/politics/1747163> (Accessed on 13 May 2024).

¹⁵⁶ Parisa Hafezi et. al., “Iran sends Russia hundreds of ballistic missiles,” Reuters, 21 February 2024 at <https://www.reuters.com/world/iran-sends-russia-hundreds-ballistic-missiles-sources-say-2024-02-21/> (Accessed on 17 June 2024)

¹⁵⁷ Maziar Motamedi, “Russian Defence Minister Shoigu tours missile, drone display on Iran visit,” *Al Jazeera*, 20 September 2023 at <https://www.aljazeera.com/news/2023/9/20/russian-defence-minister-shoigu-tours-missile-drone-display-on-iran-visit> (Accessed on 12 December 2023).

¹⁵⁸ “Russia signals upcoming signing of strategic partnership accord with Iran,” Amwaj Media, 19 September 2024 at <https://amwaj.media/media-monitor/russia-signals-upcoming-signing-of-strategic-partnership-accord-with-iran> (Accessed on 12 October 2024).

bilateral air service arrangements with Iran. These punitive measures came at a time when President Massoud Pezeshkian's reformist-led government was making new overtures to Europe to initiate dialogue on the nuclear issue.

Iran-Russia military cooperation has been shaped by strategic developments in the region and continued to grow after Massoud Pezeshkian, the reformist, assumed the Iranian presidency in July 2024. Hamas leader Ismail Haniyeh was assassinated in Tehran hours after attending Pezeshkian's inauguration. Although Israel did not claim responsibility, the assassination was widely seen in Tehran as an Israeli operation aimed at thwarting Pezeshkian's diplomatic outreach to the West on nuclear issues. As Israel escalated pressure against Iran and its regional allies and Tehran promised a military response against Israel, Sergei Shoigu, the Secretary of Russia's Security Council, visited Tehran on the 5th August.¹⁵⁹ Shoigu, in his meeting with Mohammed Baqeri, argued that Russia is ready for "comprehensive cooperation with Iran in the region." Subsequently, reports emerged that Iran had received delivery of air defence systems and advanced radars from Russia. Amid a deteriorating threat environment and the losses suffered by the 'resistance axis', Iran is focused on bolstering its conventional capabilities, primarily its surveillance and reconnaissance capabilities necessary for defending Iranian airspace. Russia has strategic and economic reasons to supply radar systems and technology to help develop Iran's indigenous capabilities. Iran's lack of a more capable air defence system was exposed during Israel's air strikes in Isfahan in central Iran in April 2024 and later during the Israel-Iran war. Israel launched an air-to-surface missile from Iraqi airspace on an S-300 missile defence system's radar. Tehran is expected to intensify its efforts to obtain advanced Russian weaponry in exchange for ballistic missiles supplied to Russia.

Iran and Russia have also deepened their cooperation in high-technology areas of space, with Iran using Russia's launching facilities and seeking assistance in building high-resolution imaging satellites suitable for

¹⁵⁹ "Iran's President says boosting ties with Russia among foreign policy priorities", Xinhua, 6 August 2024 at <https://english.news.cn/20240806/fe6c11f889584c379067080cd5de0c94/c.html>, (Accessed 12 October 2024).

military and intelligence purposes. Iran's *Khayyam* satellite, built with technology transfer from Russian companies, was launched in August 2022 from the Baikonur Cosmodrome in Kazakhstan, marking the initiation of "strategic" aerospace cooperation between Iran and Moscow.¹⁶⁰ In February 2024, *Pars-1*, another remote sensing satellite, was launched into space by a Soyuz-2 rocket from the Vostochny Spaceport in Russia's Far East.¹⁶¹ The *Pars-1* satellite was a long-running project of Iranian scientific organisations, first announced in the early 2010s. However, due to changes in governments, personnel and space program priorities, and initial difficulties with the Simorgh carrier rocket, the launch of *Pars-1* was repeatedly announced and delayed. Though Simorgh successfully launched three satellites in January 2024, given the long development time and high cost of the *Pars-1*, the launch was completed using the more seasoned Russian Soyuz-2 carrier rocket. Iran's Foreign Ministry spokesperson reacted to the remarks by US State Department Spokesperson Matthew Miller, describing Russia's launch of an Iranian satellite as "another indication of the deepening military partnership" between the two countries, by saying that the cooperation would continue within its framework and was not against any third party.¹⁶²

¹⁶⁰ Iran's *Khayyam* Satellite Conducts Remote Sensing for Land Use Monitoring", Tasnim News Agency, 8 July 2023 at <https://www.tasnimnews.com/en/news/2023/07/08/2922709/iran-s-khayyam-satellite-conducts-remote-sensing-for-land-use-monitoring> (Accessed on 12 December 2023).

¹⁶¹ Ivan Kesic, "Explainer: How does *Pars-1* satellite boost Iran's remote sensing capabilities?", Press TV, 2 March 2024 at <https://www.presstv.ir/Detail/2024/03/02/721117/explainer-how-pars1-satellite-boost-iran-remote-sensing-capabilities> (Accessed on 12 March 2024).

¹⁶² Neha Khan, "Iran rejects US claims about Tehran-Moscow space cooperation", *The Siasat Daily*, 5 March 2024 at https://www.siasat.com/iran-rejects-us-claims-about-tehran-moscow-space-cooperation-2987197/#google_vignette (Accessed on 12 March 2024).

IRAN'S TIES WITH NEIGHBOURS IN CENTRAL ASIA AND THE CAUCASUS: OPPORTUNITIES AND CHALLENGES

In the post-Soviet regional environment, Iran's focus has been to realise the potential of its unique geography between the Caspian Sea in the north and the Persian Gulf in the south to enhance its role as a gateway for the landlocked Central Asian States and Afghanistan. Iranian political elites see their country's strategic location as a significant asset in pursuing a major regional power status and as a crucial stakeholder in any security arrangement in Central Asia and the Caucasus.¹⁶³ As Iran remains focussed on challenging the US-led security architecture in the Persian Gulf, its regional strategy towards the neighbouring Central Asian States prioritised cultivating economic interdependence in trade, energy, transport, and infrastructure. Such cooperation with neighbours was part of a sustainable strategy of integrating with the global economy and countering the US strategy of isolating Iran. Iran's efforts at functional regionalism—promoting economic and political cooperation through regional organisations, including expanding the Economic Cooperation Organisation (ECO) to include the Central Asian Republics in 1992—found some acceptance among the newly independent States in Central Asia and the Caucasus.

Iran also attaches importance to the cultural and civilisational aspects of regional identity construction.¹⁶⁴ The Iranian efforts to leverage ethnic

¹⁶³ Seyed Kazem Sajjadpour, "Iran, the Caucasus and Central Asia," in Ali Banuazizi and Myron Weiner (Eds.), *The New Geopolitics of Central Asia and its Borderlands*, I.B. Tauris, London, 1994, p. 200.

¹⁶⁴ R.K. Ramazani, "Iran's Foreign Policy: Both North and South," *Middle East Journal* 46 (3), 1992, p. 405.

and religious bonds with some neighbouring states to promote regional cooperation were evident in the creation of the Association of Persian-speaking States. However, Iran's initiatives to promote its cultural and especially religious values have not been well received, including in Tajikistan, the only Persian-speaking country in Central Asia, as indicated by frequent tensions over Iran's alleged support for the Islamic Renaissance Party of Tajikistan.¹⁶⁵ Furthermore, Iran's cultural and civilizational narrative also arises from its view of the world as a pluriverse of historical civilisations and its rejection of Western normative universalism based on liberal democracy. It translates into Iran's support for a set of norms such as respect for cultural diversity and State-defined value systems as the foundation of a non-Western normative order, which focuses on State sovereignty. This normative discourse aligns with the Central Asian States, which have firmly defended the State as the only recognised, authoritative source of political and military power. At the same time, the Iranian narrative of culture-based regionalism as a non-Western construct aims to prevent attempts to create alternative centres and sources of power, such as Turkey's promotion of Pan-Turkism, or narratives of United Turkestan in the mid-1990s or the more recent emergence of Organization of Turkic States.¹⁶⁶

Another crucial aspect of Iran's approach to the post-Soviet space has been its pursuit of a Russia-centric regional policy, whereby Iran's engagement with the Central Asian Republics was based on an implicit recognition of Russia's real and potential power over the region.¹⁶⁷ The Iranian leadership has continued to recognise Russia's privileged interests and leadership role as a guarantor of a 'balance of interests'

¹⁶⁵ Ahmad Majidiyar, "Tajikistan Accuses Iran of Sponsoring Terrorism, Restricts Iranian Organizations' Activities", Middle East Institute, 9 August 2017 at <https://www.mei.edu/publications/tajikistan-accuses-iran-sponsoring-terrorism-restricts-iranian-organizations> (Accessed on 12 December 2023).

¹⁶⁶ Filippo Costa Buranelli, "Central Asian Regionalism or Central Asian Order? Some Reflections", *Central Asian Affairs*, 8 2021, pp.1–26.

¹⁶⁷ Seyed Kazem Sajjadpour, no. 164, p. 201.

against US hegemonic ambitions.¹⁶⁸ At the same time, Iran has favoured the emergence of multilateral, regional cooperation in addressing negative security externalities, such as from Afghanistan, and economic development through regional integration and cooperation.¹⁶⁹

RESOLVING DIFFERENCES ON THE LEGAL STATUS OF THE CASPIAN SEA

Following Supreme Leader Ayatollah Khamenei's call for prioritising cooperation with Iran's neighbours, in March 2018, President Hassan Rouhani visited Turkmenistan and Azerbaijan, the two countries adjacent to Iran territorially but also through the Caspian Sea. In Ashgabat, Rouhani signed several MoUs for cooperation in various fields, the most important being cooperation in air transport, exchange of customs information in electronic format, cooperation in the field of certification and establishment of a joint Turkmen-Iranian Business Council.¹⁷⁰ Rouhani stated that given their geographic locations, Iran and Turkmenistan are two important gateways to Central Asia and the southern high seas, and can help facilitate regional transit.¹⁷¹ Similarly, in Baku, Rouhani called for boosting economic relations between the

¹⁶⁸ Ibid., p. 14; Nicole Grajewski, "Russia and Iran in Greater Eurasia", NUS-Middle East Institute, 14 July 2020 at <https://mei.nus.edu.sg/wp-content/uploads/2020/07/Insight-239-Nicole-Grajewski.pdf> (Accessed on 12 October 2023).

¹⁶⁹ Edmund Herzig, "Regionalism, Iran and Central Asia", *International Affairs*, 80 (3), 2004, p.507; Elaheh Koolaei and Mandana Tisheyar, "The New Regionalism between Iran and Russia in Eurasia", *Discourse: An Iranian Quarterly*, 11(1-2), 2013-2014, pp. 49-66.

¹⁷⁰ "Official visit of the President of the Islamic Republic of Iran to Turkmenistan", Ministry of Foreign Affairs of Turkmenistan, 28 March 2018 at <https://www.mfa.gov.tm/en/news/698> (Accessed on 12 January 2024).

¹⁷¹ "Ashgabat, Baku visits, Tehran's developing ties with northern neighbours", The Islamic Republic News Agency, 4 April 2018 at <https://en.irna.ir/news/82877180/Ashgabat-Baku-visits-Tehran-s-developing-ties-with-northern> (Accessed on 12 January 2024).

two countries to be on par with political ties.¹⁷² Together with the President of Azerbaijan Ilham Aliyev, he inaugurated the cross-border Astara-Astara railway. Astara, on the Iranian side of the border, is a rail freight terminal on the INSTC route, connecting Iran with the railway networks of Azerbaijan and Russia.¹⁷³ However, Baku's promise of investing US\$500 million in constructing a 167 km standard gauge line to link the Astara terminal with the Iranian rail network in Rasht has remained unfulfilled.

The single most strategic development in Iran's neighbourhood policy under Rouhani was the 'Convention on the Legal Status of the Caspian Sea', signed during the 5th Summit of the five Caspian littoral States – Iran, Russia, Turkmenistan, Kazakhstan and Azerbaijan on 12 August 2018 in Aktau, Kazakhstan. The 'special legal status' of the Sea ensured the freedom of access for all littoral States beyond territorial waters.¹⁷⁴ Domestically, the Rouhani government faced criticism for abandoning its long-held position favouring the delimitation of the Caspian Sea in equal proportions of 20 per cent each among the five littoral States. Critics argued that Iran was left with the smallest, deepest and saltiest part of the Caspian Sea.¹⁷⁵ However, Iran has maintained that straight

¹⁷² "Security, Development of Iran, Azerbaijan Hinge on One Another's: Rouhani", Tasnim News Agency, 29 March 2018 at <https://www.tasnimnews.com/en/news/2018/03/29/1689574/security-development-of-iran-azerbaijan-hinge-on-one-another-s-rouhani> (Accessed on 19 January 2024).

¹⁷³ "Iranian President Rouhani inaugurates Astara – Astara rail line", UIC-International Union of Railways, 27 March 2018 at https://uic.org/com/enews/nr/591/article/president-rouhani-inaugurates-astara-astara-rail-line?page=thickbox_enews&debut_articles=1800 (Accessed on 19 January 2024).

¹⁷⁴ Yvonne-Stefania Efstathiou, "The Caspian Sea: formerly troubled waters?," International Institute for Strategic Studies, 10 September, 2018 at <https://www.iiss.org/en/online-analysis/military-balance/2018/09/caspian-sea-troubled-waters/> (Accessed on 20 January 2023).

¹⁷⁵ Hülya Kinik and Süleyman Erkan, "The Legal Status Of The Caspian Sea: An Iranian Perspective", *The International Journal of Economic and Social Research*, 16 (2), 2020.

baselines from the coasts should determine territorial waters. For Iran, the strategic goal of improving diplomatic and economic relations with neighbouring countries, including Russia, was a crucial factor.

Russia and Iran also have a shared interest in maintaining the clause from the previous agreements, which banned the presence of foreign militaries in the Caspian Sea, mainly as an assurance against potential US and NATO efforts to extend their reach to the Caspian Sea. Russia and Iran also favoured inserting a section on “Ensuring a stable balance of armaments of the Parties in the Caspian Sea.” Since 2012, Turkmenistan and Azerbaijan have substantially increased their military activities in the region. Iran did not want to be drawn into a costly arms race with neighbours. At the same time, Russia, with its Caspian Flotilla, an Astrakhan-based component of the Southern Military District, and freedom of movement in the entire body of water, was well placed to continue to dominate the Caspian Sea. Moscow and Tehran also shared interests in ensuring joint use of the surface, seabed and subsoil resources that fall outside the territorial waters, including exploitation of any energy reserve and construction of energy pipelines in the common space.¹⁷⁶ Overall, the Convention served Iran’s security objectives and gave Tehran and Moscow greater weight in shaping energy flows of the region, especially given Azerbaijan and Turkmenistan have long been interested in developing a Trans-Caspian pipeline to Europe, bypassing Russia and Iran.

Under Ebrahim Raisi, Iran maintained its stance of collective cooperation and unanimous decision-making among the five littoral countries on Caspian Sea issues.¹⁷⁷ The Iran-Russia cooperation in the Caspian Sea region also deepened further. At the sixth Summit of the

¹⁷⁶ Prathamesh Karle, “Caspian Agreement: Many Issues Still to be Settled”, Observer Research Foundation, 15 October 2018 at <https://www.orfonline.org/expert-speak/caspian-agreement-many-issues-still-to-be-settled-44871> (Accessed on 22 January 2024).

¹⁷⁷ “Iran FM pushes Caspian states toward collaborative action”, *Tehran Times*, 5 December 2023 at <https://www.tehrantimes.com/news/492208/Iran-FM-pushes-Caspian-states-toward-collaborative-action> (Accessed on 14 December 2023).

Caspian Sea littoral States in Ashgabat, President Raisi described the Caspian Sea as a “Sea of peace and friendship.” He argued that the “Islamic Republic of Iran considers the Caspian Sea as a sea of peace and friendship and a factor in the linking and bringing together the people of the region.”¹⁷⁸ Maintaining Iran’s stance of regional multilateralism, Raisi noted that “cooperation among littoral countries, especially due to international developments, has become increasingly important, and this interaction not only will lead to an economic boom and increased prosperity for our nations but also strengthens regional peace and stability and solves the issues of the Caspian Sea region through reliance on the littoral countries’ capabilities [with no foreign powers presence].”¹⁷⁹ For Iran, the objective is to limit geopolitical tensions and realise the geo-economic potential of the region through cooperation among the littoral countries. This means prioritising the Caspian Sea’s role in transit and connectivity.

As Russia increasingly came under pressure from the West, it pushed for deepening practical cooperation between littoral countries. In addition to Caspian Summits, the Russian Foreign Minister, at a meeting with his counterparts from Azerbaijan, Iran, Kazakhstan and Turkmenistan, argued for creating a Caspian Council, which it envisaged as a “forum for cooperation and dialogue without any bureaucratic schemes, like secretariats.”¹⁸⁰ He stated that, “the move to create a Caspian council could raise the effectiveness of our work, which would be a forum for cooperation and dialogue free of bureaucratic red tape.”¹⁸¹ Iran’s

¹⁷⁸ “Raisi urges for more cooperation among Caspian Sea littoral States,” Mehr News Agency, 29 July 2022 at <https://en.mehrnews.com/news/188574/Raesi-urges-for-more-coop-among-Caspian-Sea-littoral-states> (Accessed on 19 December 2023).

¹⁷⁹ Ibid.

¹⁸⁰ “Lavrov: Creation of Caspian Council can increase efficiency of Caspian ‘Five’”, Report News Agency, 5 December 2023, <https://report.az/en/foreign-politics/lavrov-creation-of-caspian-council-can-increase-efficiency-of-caspian-five/> (Accessed on 20 October 2023).

¹⁸¹ “Creation of Caspian council could boost regional cooperation — Foreign Minister Lavrov”, Russian News Agency, 5 December 2023 at <https://tass.com/politics/1716073> (Accessed on 23 June 2024).

Foreign Minister Hossein Amir Abdollahian, at a ministerial meeting of the Caspian Sea countries, described the Sea as a connective nexus between the northern-southern and eastern-western corridors, while urging joint responsibility among the littoral nations in ensuring stability, security, and sustainable development.¹⁸² Three years after the first Caspian Economic Forum was held in Turkmenistan, the second Forum was organised in Moscow as a Conference of Mayors of cities and municipalities of the so-called “Caspian Five.”¹⁸³ Iran has offered to host the next edition of the Forum.

IRAN’S QUEST FOR COOPERATION WITH CENTRAL ASIAN NEIGHBOURS

Under Ebrahim Raisi, “neighbourhood policy” and “economic diplomacy” were key foreign policy priorities. Tehran made concerted efforts to deepen relations with its Central Asian neighbours, both bilaterally and through regional organisations like the ECO and SCO. Further, three crucial developments at the beginning of Raisi’s presidency gave momentum to Iran’s outreach to Central Asia on both economic and security fronts. The US departure from Afghanistan and the return to power of the Taliban in Afghanistan in August 2022 marked the end of the era when Washington was in “direct local competition with China and Russia” in shaping the regional order in Central Asia.¹⁸⁴ Subsequently, regional actors were to assume greater responsibility in matters of regional security, development and connectivity. Iran and the Central Asian States had similar views on dealing with the spill over of insecurity from Afghanistan, maintaining stability in the country, and a regional stance on the formation of an inclusive government. Foreign interference also needed to be avoided, which for Iran meant

¹⁸² “Iran FM pushes Caspian states toward collaborative action”, no. 178.

¹⁸³ “The Second Caspian Economic Forum in Moscow”, Moscow Centre for International Cooperation, 6 October 2022, at <http://government.ru/en/news/46720/> (Accessed on 20 October 2023).

¹⁸⁴ Alexander Cooley, ‘A Post-American Central Asia’, *Foreign Affairs*, 23 August 2021 at <https://www.foreignaffairs.com/articles/afghanistan/2021-08-23/post-american-central-asia> (Accessed on 12 October 2023).

opposition to any US role, but also Turkey and Sunni Gulf States, who maintain an adversarial and sectarian outlook towards Iran. Secondly, with its admission as the ninth main member of the SCO at the Dushanbe Summit in September 2021, Iran found an institutional platform to expand political, economic, and cultural ties with member states and to play a meaningful role in its broader neighbourhood.¹⁸⁵ Third, in the wake of the Russia-Ukraine War and Western sanctions impacting Russia's role in transit to Europe, Central Asian States were more willing to engage Iran to diversify east-west trade and transit corridors to Europe and utilise the Chabahar Port. In Eurasia's dynamic connectivity landscape, Iran aims to link with different transport infrastructure projects by rapidly developing railway connectivity with neighbouring countries.

TAJIKISTAN: DEEPENING SECURITY TIES

Raisi's visit to Tajikistan for the SCO summit in September 2021 was hailed by both countries as a "turning point in strengthening and deepening relations."¹⁸⁶ Through the presidential transition in Iran, Ali Shamkhani, Secretary of the Supreme National Security Council, had led the efforts to resolve differences with Tajikistan over Iran's support for the banned opposition Islamic Renaissance Party of Tajikistan, paving the way for Tajikistan lifting its objection to Iran's SCO membership. The President of Tajikistan, Emomali Rahmon's visit to Tehran at the head of a large delegation in May 2022, after a gap of nine years, provided an opportunity for renewed bilateral engagement on economic and security issues. During his meeting with Rahmon, Raisi cited instability in Afghanistan, which shares a 1,200-kilometre border with Tajikistan and the fight against extremism, terrorism and organised

¹⁸⁵ Masoud Hamyani, 'Iran and SCO: Embracing a Eurasian Identity Part 1', Institute for Political and International Studies, 23 January 2022 at <https://www.ipis.ir/en/newsview/667349/iran-and-sco-embracing-a-eurasian-identity-part-1> (Accessed on 10 October 2023).

¹⁸⁶ "Discussed at the meeting of high-ranking delegations of Iran and Tajikistan," President.IR, 5 June 2022, <https://president.ir/en/136806> (Accessed on 22 October 2023).

crime as common concerns of both countries. At a joint press conference, Rahmon stressed the need to develop infrastructure and connect the transport networks of the two countries to expand trade and economic cooperation. Notably, he showed interest in access to the Iranian ports of Chabahar and Bandar Abbas.¹⁸⁷ Analysts argue that despite its 477-km border with China, Tajikistan's challenging mountainous terrain relegates it to connecting with routes heading south. As a result, amid the growing significance of the INSTC and the Chabahar Port, Tajikistan seeks to deepen transport and transit cooperation with Iran.

Just a few days before President Rahmon's Iran visit, the Chief of Staff of the Iranian Armed Forces, Major General Bagheri, had visited Dushanbe, where he inaugurated an *Ababil-2* Unmanned Aerial Vehicle (UAV) factory. Iran's opening of a UAV production line in another country was a significant development since the expiry of the UN arms embargo in October 2020. It marked the development of a new era of defence cooperation between the two countries. *Ababil-2* is a low-cost tactical drone designed for reconnaissance, surveillance and attack missions. It has a range of 200 kilometres and can stay in the air for 1.5 hours. Given Tajikistan's threat perception of the Taliban, Bagheri's visit focussed on "strengthening, upgrading and developing the level of interaction and joint military relations between the two countries." Iran's growing security cooperation with Tajikistan has a stabilising effect, especially at a time when Russia, the primary security guarantor, has been preoccupied with its war in Ukraine.¹⁸⁸ The absence of public reaction from Russian authorities suggests that Moscow has broadly accepted Tajikistan's growing security cooperation with China and Iran in tackling threats from Afghanistan to the extent that it limits the involvement of Western countries, including NATO member

¹⁸⁷ "Tajikistan President expresses interest in using Iranian seaports", Islamic Republic News Agency, 31 May 2022 at <https://en.irna.ir/news/84773482/Tajikistan-president-expresses-interest-in-using-iranian-seaports> (Accessed on 21 May 2024)

¹⁸⁸ Kamal Iranidoost, "Gen. Bagheri, Tajik president discuss military cooperation", Mehr News Agency, 17 May 2022 at <https://en.mehrnews.com/news/186910/Gen-Bagheri-Tajik-president-discuss-military-cooperation> (Accessed on 11 May 2024).

Turkey.¹⁸⁹ However, Iran's deepening defence cooperation was carefully assessed in Ankara, which had supplied the Turkish-made *Bayraktar TB2* combat UAV to Kyrgyzstan in the aftermath of violent incidents on its border with Tajikistan. In June 2022, Iran and Tajikistan formed a Joint Security Task Force in Dushanbe to advance and coordinate actions by the interior ministries of the countries against terrorism, organised crimes, and drug trafficking.¹⁹⁰ In another indication of high levels of security cooperation between the two countries, Iranian Defence Minister Brigadier General Mohammad Reza Gharaei Ashtiani visited Dushanbe in October 2023. He met President Emomali Rahmon and Tajik Defence Minister Colonel-General Sherali Mirzo.¹⁹¹

In the wake of the January 2024 ISIS attacks in Kerman targeting a ceremony commemorating the late Quds Force commander Qasem Soleimani, the need for security and intelligence cooperation with Tajikistan and even the Taliban in Afghanistan has been well understood in Tehran. The investigation by Iranian authorities revealed that one of the two suicide bombers involved in the attacks was a Tajik national who received training at an IS-K camp in Afghanistan and illegally entered Iran from the "south-eastern border," referring to either Afghanistan or Pakistan.¹⁹² Given the difficulties of carrying out unilateral

¹⁸⁹ Vali Kaleji, "Iran Opens Ababil-2 Drone Factory in Tajikistan: Reasons and Implications," The Jamestown Foundation, 14 June 2022 at <https://jamestown.org/program/iran-opens-ababil-2-drone-factory-in-tajikistan-reasons-and-implications/> (Accessed on 11 May 2024).

¹⁹⁰ Kanat Makhanov, "A New Phase in Cooperation between Tajikistan and Iran", Eurasian Research Institute, 30 May 2022 at <https://www.eurasian-research.org/publication/a-new-phase-in-cooperation-between-tajikistan-and-iran/> (Accessed on 19 May 2024).

¹⁹¹ Mohammad Reza Ashtiani, "Meeting with the Minister of Defense and Armed Forces Logistics of the Islamic Republic of Iran", Embassy Of Tajikistan To The United Kingdom Of Great Britain And Northern Ireland, 18 October 2023 at <https://mfa.tj/en/london/view/13587/meeting-with-the-minister-of-defense-and-armed-forces-logistics-of-the-islamic-republic-of-iran-mohammad-reza-ashtiani> (Accessed on 13 May 2024).

¹⁹² "Kerman suicide bomber Israeli with Tajik citizenship, Mehr News Agency, 19 July 2024 at <https://en.mehrnews.com/news/210650/Kerman-suicide-bomber-Israeli-with-Tajik-citizenship> (Accessed on 21 July 2024).

extra-territorial operations, which will antagonise the ruling authorities in the neighbouring countries, Tehran has an interest in deepening institutional cooperation to deal with shared threats of terrorism emanating from Afghanistan.

AFGHANISTAN: A PRAGMATIC ENGAGEMENT

Even before the Taliban successfully overthrew the West-supported government in August 2021, Iran and the Taliban's engagement had rested on shared opposition to US military presence and the Islamic State-Khorasan Province, which emerged in 2015. After the Taliban's return to power, the security of the 950 km-long Iran-Afghanistan border has been a challenge for Iran. Despite several clashes among border guards on the two sides, Tehran has preferred de-escalation and dialogue. Further, the protracted dispute over sharing the waters of the transboundary rivers, especially the Helmand River, has become a key issue in Iran-Taliban relations. The Taliban had expressed commitment to implement water sharing under the Helmand Treaty of 1973, reversing the stance taken by former President Ashraf Ghani.¹⁹³ Former President Ashraf Ghani had maintained that Afghanistan would not give water to its neighbours free of charge but in exchange for oil. Despite the agreement in principle, the Taliban has continued to blame drought and technical issues for Iran's low water supply.¹⁹⁴ The Iranian side complains that the Kamal Khan Dam, inaugurated in March 2021, is a diversion channelling overflowing water to the Gowdzare salt marsh in Afghanistan, thus reducing water flow from Helmand to Iran to a trickle.¹⁹⁵ According to Hassan Kazemi Qomi, then acting Iranian

¹⁹³ Afghanistan, Iran reach agreement over Helmand Water Treaty: Taliban, ANI, 21 June 2022 at <https://www.aninews.in/news/world/asia/afghanistan-iran-reach-agreement-over-helmand-water-treaty-taliban20220621172415/> (Accessed on 19 July 2024).

¹⁹⁴ "Tehran asks Kabul to be committed to water treaty", *Tehran Times*, 19 July 2024 at <https://www.tehrantimes.com/news/473986/Tehran-asks-Kabul-to-be-committed-to-water-treaty> (Accessed on 20 July 2024).

¹⁹⁵ Ikramuddin Kamil, "Afghanistan's Kamal Khan Dam and the Helmand River Treaty", *The Diplomat*, 27 January 2023 at <https://thediplomat.com/2023/01/afghanistans-kamal-khan-dam-and-the-helmand-river-treaty/> (Accessed on 10 July 2023).

ambassador to Kabul, Iran barely received 4 per cent of its allotted water in 2022.¹⁹⁶

Similar issues plague the Harirud River, which originates from the Central Afghan Highlands and flows into Iran before draining into the Karakum Desert in Turkmenistan. Since 2016, when Afghanistan opened Salma Dam, also called the Afghan-India Friendship Dam (as it was built with Indian assistance), on the upper reaches of the Harirud River in Herat province, both Iran and Turkmenistan have been concerned about the restriction of the natural flow of water in the lower reaches of the river. Mashhad, Iran's second largest city, depends on water pumped from Doosti dam, jointly built by Iran and Turkmenistan. In December 2024, after the Taliban announced that the construction of the Pashdan Dam in Herat is 80 per cent complete and will soon become operational, Iran protested the unilateral dam construction measures of the Afghan side and called for cooperation to evaluate and reduce negative cross-border effects.¹⁹⁷

In May 2023, President Ebrahim Raisi visited the drought-stricken province of Sistan-Baluchistan, where he used severe language, calling on the Taliban to honour the obligations arising from the Helmand Treaty.¹⁹⁸ "I want to tell the rulers of Afghanistan not to consider my words as normal but to take them very seriously; I warn the officials and rulers of Afghanistan to give the rights of the people and the region of Sistan and Baluchistan immediately," warned Raisi. Referring

¹⁹⁶ "FM visits Sistan-Baluchistan over Iran-Afghanistan water issue", *Tehran Times*, 17 May 2023 at <https://www.tehrantimes.com/news/484828/FM-visits-Sistan-Baluchistan-over-Iran-Afghanistan-water-issue>, (Accessed on 10 July 2023).

¹⁹⁷ "Iran objects to Afghanistan's construction of Pashdan Dam on Harirud," *Tehran Times*, 30 December 2024 at <https://www.tehrantimes.com/news/508087/Iran-objects-to-Afghanistan-s-construction-of-Pashdan-Dam-on>, (Accessed on 11 March 2025).

¹⁹⁸ "Raisi inaugurates numerous infrastructure projects in south-eastern Iran," *Tehran Times*, 19 May 2023 at <https://www.tehrantimes.com/news/484840/Raisi-inaugurates-numerous-infrastructure-projects-in-southeastern> (Accessed on 11 May 2024).

to the Taliban's claims that the dams built on Helmand do not have sufficient water, Raisi argued that a joint team of experts should be allowed to visit the route upstream of Helmand. Only weeks later, a skirmish broke out at the border between Iran's south-eastern province of Sistan and Baluchistan and the Nimruz province of Afghanistan. After Taliban forces shot at Iran's Sasouli Police station, which operates as part of the Zabol border regiment, Iranian forces retaliated with light weapons, crew-served weapons and artillery but denied use of missiles.¹⁹⁹ Two Iranian border guards and one Taliban guard were killed. Iranian Interior Minister Ahmad Vahidi noted that the conflict was resolved after negotiations were held with the Taliban side, and the border point, which was briefly closed, was reopened for traffic.²⁰⁰ Earlier in April 2022, the Dogharoon-Islam Qala border connecting Herat with Mashhad was temporarily closed following clashes between Afghan and Iranian border forces, with both sides alleging border violation by the other.²⁰¹

Some of these clashes have occurred as Iran has been trying to fence its border. To combat the infiltration of drug traffickers and armed terrorist groups into Iran, Iran is constructing a border wall in certain sections of the 945-kilometre border with Afghanistan. In July 2024, Brigadier General Ahmad Akbari, the Commander of the Army's Ground Forces engineering group, announced that four engineering groups from the army and the Khatam al-Anbiya construction headquarters were carrying out construction of a security wall along

¹⁹⁹ "Iran Police Blame Taliban for Eruption of Border Clash", *Tasnim News*, 28 May 2023 at <https://www.tasnimnews.com/en/news/2023/05/28/2902402/iran-police-blame-taliban-for-eruption-of-border-clash> (Accessed on 27 May 2024).

²⁰⁰ "Afghan border guards received a response: minister", *Tehran Times*, 29 May 2023 at <https://www.tehrantimes.com/news/485239/Afghan-border-guards-received-a-response-minister> (Accessed on 29 May 2024).

²⁰¹ "Iran-Afghanistan main border crossing reopens after two days", Mehr News Agency, 26 April 2022 at <https://en.mehrnews.com/news/186154/Iran-Afghanistan-main-border-crossing-reopens-after-two-days> (Accessed on 1 June 2024).

the 300-kilometre border shared between Khorasan Razavi province and Afghanistan.” The official Dogharoun crossing, Iran’s important gateway into Herat, is also located on this stretch.²⁰² Iran’s key challenge is managing its border with Afghanistan. It is trying to fence the border to ensure security and stop illegal immigration.²⁰³ At the same time, Iran will seek to avoid securitising the border as it also pursues the goal of enhancing trade and connectivity with and via Afghanistan. Notably, by 2017, Iran had replaced Pakistan as Afghanistan’s largest trading partner, followed by China and Pakistan. Iran has continued to hold this position even after the Taliban returned to power.²⁰⁴

TURKMENISTAN: COOPERATION IN TRANSPORTATION AND ENERGY TRANSIT

Turkmenistan is the only Central Asian State sharing a land border with Iran. This land border of over 1200 km, with border crossings at Sarakhs, Bahgiran, Loftabad and Pol-e-Pol, is Iran’s only gateway to Central Asia. The two countries have sought to deepen their cooperation in realising their transit potential as key hubs in north-south connectivity between Central Asia and the Persian Gulf and east-west connectivity to Europe. In June 2022, President of Turkmenistan Serdar Berdimuhamedov visited Iran, commemorating the 30th anniversary of diplomatic ties. It was his first State visit to another country since he assumed office in March 2022. In his meeting with Ayatollah Khamenei, Berdimuhamedov stressed that his priority is to expand relations with

²⁰² Iran plans to build wall across eastern borders to boost security: Commander, *Tehran Times*, 26 July 2024 at <https://www.tehrantimes.com/news/501602/Iran-builds-wall-across-eastern-borders-to-boost-security-commander> (Accessed on 1 June 2024).

²⁰³ “Border wall to be built to stop unauthorized immigration,” *Tehran Times*, 5 May 2024 at <https://www.tehrantimes.com/news/498050/Border-wall-to-be-built-to-stop-unauthorized-immigration> (Accessed on 2 June 2024).

²⁰⁴ “Is Afghanistan’s Main Trade Partner, Official Says”, *Tasnim News*, 18 March 2023 at <https://www.tasnimnews.com/en/news/2023/03/18/2869466/iran-is-afghanistan-s-main-trade-partner-official-says> (Accessed on 10 June 2024).

neighbours and that the two countries are “working to further strengthen the good relations in various fields, especially gas, electricity and freight.”²⁰⁵

In 1996, Turkmenistan opened a new railway terminal at Sarakhs on its border with Iran. Though it was hailed as the ‘golden ring’ connecting the Central Asian and Middle Eastern railway networks, it was only put to partial use, with a substantial part remaining closed. Sarakhs-Bandar Abbas is Iran’s most active rail corridor, providing 80 per cent of the country’s transit revenues.²⁰⁶ Turkmenistan also plays a vital role in the ‘southern corridor’ along an east-west axis, connecting China through Central Asia and the Caucasus or Iran to Turkey. The Ashgabat Agreement 2011 was about activating a branch of the ‘southern corridor’ linking Uzbekistan via Sarakhs crossing to Iran’s Persian Gulf ports.

Since Iran started developing its Chabahar port in the Gulf of Oman, jointly with India, its interpretation of the INSTC has included the Chabahar-Irانشahr-Zahedan-Mashhad-Sarakhs route. Russia has a historically formed view of southward overland routes from Central Asia to the Indian Ocean as a strategic exposure rather than an opportunity. It, therefore, preferred the INSTC route from Astrakhan port to Anzali port across the Caspian Sea and by rail to Bandar Abbas port. In July 2024, Moscow consented to Turkmenistan’s accession to the INSTC. While Russia was interested in new routes to channel growing trade volume to Iran and enter South Asian markets, Turkmenistan was keen to maximise its role in the logistics of transit flows. Subsequently, Turkmen authorities raised the possibility of using another branch of the INSTC through Artyk station, near Lotfabad crossing with Iran, on the Ashgabat-Mary line, where a private cargo

²⁰⁵ “Ayatollah Khamenei meets Turkmenistan President”, *Tehran Times*, 15 June 2022 at <https://www.tehrantimes.com/news/473696/Ayatollah-Khamenei-meets-Turkmenistan-president> (Accessed on 11 June 2024).

²⁰⁶ “Iran and the battle of economic corridors”, PressTV, 2 November, 2023 at <https://www.presstv.ir/Detail/2023/11/02/713888/Iran-transit-routes-North-South-Corridor-China-BRI->, (Accessed on 12 June, 2024).

terminal for transshipment of goods between rail and road transport was built and is functioning.²⁰⁷

KAZAKHSTAN: TRANSIT AND ENERGY COOPERATION

Within the ECO framework, a railway corridor along Kazakhstan, Turkmenistan and Iran (KTI) opened in 2014. The 80-km railway line from Incheh Borun on the Iran-Turkmenistan border to Gorgan in Iran's Golestan Province was inaugurated in December 2014. During Russian President Vladimir Putin's visit to Iran in November 2015, Russian Railways and Iranian Railways signed an agreement under which Moscow was to open a credit line and carry out the electrification of a 500-km stretch from Incheh Borun to Garmsar on the Tehran–Mashhad main line. Following the lifting of sanctions on Iran, which made Iran prioritise economic ties with Europe, Moscow and Tehran struggled to overcome their differences over the contractual price. Eventually, in 2020, Russia withdrew from the project.²⁰⁸ During President Raisi's visit to Moscow in January 2022, Moscow pledged to revive the credit line.

In the wake of Western sanctions on Russia, China's East-West rail connectivity shifted southwards. Iran, by intensifying diplomatic efforts with immediate neighbours, especially Kazakhstan, aimed to attract some of the China-Europe rail trade via Iranian territory. In June 2022, China's first International Trans-Caspian cargo train arrived at Iran's Caspian Sea port of Anzali, covering 8,500 km over 20 days from the southwestern Chinese Autonomous Region of Ningxia Hui via Xinjiang Uygur Autonomous Region, Kazakhstan and the Caspian Sea.²⁰⁹ In the

²⁰⁷ Nigar Bayramli, "Russia Consents to Turkmenistan Joining North-South Corridor Agreement", *Caspian News*, 13 July 2023 at <https://caspiannews.com/news-detail/russia-consents-to-turkmenistan-joining-north-south-corridor-agreement-2023-7-12-0/>, (Accessed on 11 June, 2024).

²⁰⁸ "Iran puts brakes on implementation of contracts with Russia by setting new conditions", Russian News Agency, 14 March 2016 at <https://tass.com/economy/862147> (Accessed on 13 June 2024).

²⁰⁹ "China's first int'l cargo train leaves for Tehran" IRNA English, 22 June 2022 at <https://en.irna.ir/news/84797809/China-s-first-int-l-cargo-train-leaves-for-Tehran> (Accessed on 11 June 2024)

same month, President Raisi and Kazakh President Kassym-Jomart Tokayev jointly launched the KTI rail transit stretching 6,300 km from Aktau in Kazakhstan to Turkey.²¹⁰ They also oversaw the signing of a document by railway chiefs of Iran and Kazakhstan that will commit them to cooperate on the transit of up to 5 million metric tons of cargo through the KTI per year. Iran's trade with Kazakhstan improved after Iran implemented a preferential trade agreement with the EAEU, of which Kazakhstan is also a member. Their bilateral trade reached \$521.4 million in 2022, marking an 18.3 per cent increase compared to the previous year.²¹¹ As the two countries have set an ambitious trade target of US\$3 billion, there is greater interest on the part of shipping companies and freight forwarders to explore options for cargo delivery routes across the Caspian Sea from the Kazakh port of Kuryk to Amirabad and Bandar Abbas to the Persian Gulf countries.²¹²

Even in the present context, where China is seeking to reduce its dependence on the 'Eurasian Land Bridge' to Europe via Kazakhstan, Russia and Belarus, Turkmenistan and Iran's role in east-west connectivity is facing stiff competition from the 'Middle Corridor', also called the 'Trans-Caspian International Transport Route (TITR)'. Unlike Iran and Turkmenistan, Kazakhstan is a member of multiple organisations and arrangements on intermodal shipments and is better placed to engage European transport and logistics companies.²¹³ The Middle Corridor

²¹⁰ "Iran, Kazakhstan launch major rail transit link", Press TV, 19 June 2022 at <https://www.presstv.ir/Detail/2022/06/19/684196/Iran-Kazakhstan-transit-corridor-launch> (Accessed on 18 June 2024).

²¹¹ Aida Haidar, "Free Trade Deal Inked Between EAEU and Iran to Unlock Prospects for Kazakhstan", *The Astana Times*, 27 December 2023 at <https://astanatimes.com/2023/12/free-trade-deal-inked-between-eaeu-and-iran-to-unlock-prospects-for-kazakhstan/> (Accessed 13 June 2024).

²¹² "Kazakhstan opens a direct route to the sea through Iran for Kazakh exports", Ministry of Trade and Integration of the Republic of Kazakhstan, 7 August 2023 at <https://www.gov.kz/memleket/entities/mti/press/news/details/598481?lang=en> (Accessed 15 June 2024).

²¹³ Assel Satubaldina, "Cargo Transportation Along Middle Corridor Soars 88%, Reaches 2 Million Tons in 2023", *The Astana Times*, 28 December 2023 at <https://astanatimes.com/2023/12/cargo-transportation-along-middle-corridor-soars-88-reaches-2-million-tons-in-2023/> (Accessed 15 June 2024).

has emerged as a significant alternative to existing routes. The volume of cargo transportation on the route increased by 2.5 times to 1.5 million tons in 2022 and reached 2 million tons in 2023. Despite the phenomenal increase in cargo volume, the Middle Corridor still represents less than ten per cent of the total cargo transported via the Russian-dominated Northern Route. From Iran's point of view, the growing synergy between China, its Belt and Road Initiative and Turkey's Middle Corridor, also raise concerns about Beijing's support for the controversial Zangezur Corridor.

UZBEKISTAN: TRANSIT AND TRANSPORT COOPERATION

Iran's relations with Uzbekistan are marked by a complex competitive, and cooperative dynamic, especially in matters of connectivity between Central and South Asia via Afghanistan. Uzbekistan, which has the distinction of sharing borders with all other Central Asian States and Afghanistan, has supported transportation infrastructure leading south via Afghanistan rather than Iran. In recent decades, Afghanistan and Uzbekistan – both landlocked States – have depended on each other for trade, transport and connectivity to Central and South Asia, respectively. In 2011, Uzbekistan established rail connectivity with Afghanistan by opening a single-track line in Afghanistan from Hairatan to Mazar-e-Sharif. It was also developed as a primary route connecting Afghanistan to Central Asia and to open new trade routes for goods moving between Asia and Europe. Uzbekistan is also keen to overcome its disadvantage of being a doubly landlocked country and emerge as a transit hub for regional trade with Afghanistan.

After the Taliban's return to power in 2021, Uzbekistan has viewed the economic integration of the war-torn country with the region as essential for regional stability and security. Tashkent has also been using its relations with the Taliban to act as a bridge between the Taliban and the global community.²¹⁴ From early on, Tashkent showed a willingness to work

²¹⁴ Skand Ranjan Tayal, "Uzbekistan's Pragmatic Engagement with Afghanistan: Significant for the Region", Vivekananda International Foundation, 5 November 2024 at <https://www.vifindia.org/2024/november/05/Uzbekistan-s-Pragmatic-Engagement-with-Afghanistan-Significant-for-the-Region>, (Accessed on 13 February 2025).

with the Taliban in developing regional connectivity projects, especially the Trans-Afghan Railway along the Termez-Mazar-i-Sharif-Kabul-Peshawar route. Having invested heavily in the Khaf-Herat Railway, Iran has engaged the Taliban authorities to complete the project, which will also enhance Afghanistan's use of the Chabahar Port. The Khaf-Herat railway line is part of the 'Five Nations' railway project, which links Iran and China through Afghanistan, Tajikistan, and Kyrgyzstan. Iran has also expressed interest in extending the railway from Herat to Mazar-i-Sharif and further to the Lesser Pamir or Wakhan Corridor, where Afghanistan's border intersects with China, Pakistan and Tajikistan. Despite the competing dynamics between Tehran and Tashkent's connectivity agenda in Afghanistan, the two countries also have some complementarities. Both seek to enhance their transit role by participating in various trans-regional transport corridors in Eurasia.

Given that Uzbekistan is a doubly landlocked country and a major Central Asian economy, Iran and India have used bilateral channels and multilateral frameworks such as the Foreign Minister Level India-Central Asia Dialogue since 2021 to draw Tashkent's interest in the Chabahar port.²¹⁵ In January 2022, Iran and Uzbekistan signed a Protocol to establish preferential tariff conditions, develop rail corridors, and regulate combined sea-rail transit.²¹⁶ The Uzbek delegation, led by the deputy minister of investments and foreign trade, also visited Chabahar. Subsequently, there were reports that Uzbekistan will open a warehouse and logistics centre at Chabahar. Uzbekistan is also well-positioned to establish rail connectivity to Chabahar through Afghanistan

²¹⁵ "Joint Statement of the 3rd meeting of the India-Central Asia Dialogue," Ministry of External Affairs, 19 December 2021 at https://www.mea.gov.in/bilateral-documents.htm?dtl/34705/Joint_Statement_of_the_3rd_meeting_of_the_IndiaCentral_Asia_Dialogue, (Accessed on 21 June 2024).

²¹⁶ "Iran, Uzbekistan ink railway co-op Protocol", *Tehran Times*, 28 January 2022 at <https://www.tehrantimes.com/news/469536/Iran-Uzbekistan-ink-railway-co-op-protocol> (Accessed on 19 June 2024).

and Turkmenistan's Sarakhs Crossing to integrate with the INSTC route.²¹⁷

In the wake of the Russia-Ukraine War, Uzbekistan has been forced to look for new transit routes and reduce its dependence on Russia, which was routing 80 per cent of Uzbekistan's exports and imports. Russia also seems to be shedding historic inhibitions about Central Asia's southwards connectivity, which was seen as potentially diminishing the relevance of northern routes via Russia. Uzbek President Shavkat Mirziyoyev's visit to Tehran in June 2023 was his first visit to Iran in two decades. Supreme Leader Ayatollah Khamenei, in his meeting with Mirziyoyev, stated "that for many years the relations between Iran and Uzbekistan were very limited" and expressed hope that his visit would be the beginning of a better future in the bilateral relations. Underlining the importance of trade and transport cooperation between the two countries, Khamenei argued that, "Iran has the capability to easily connect Uzbekistan to international waters through Turkmenistan and Afghanistan."²¹⁸ The visit also saw the signing of an MoU for strengthening transport and transit cooperation in international transport corridors, developing road and rail transport, facilitating the connection of Iran to the Central Asian countries through the territory of Uzbekistan, and removing all official duties for the road freight transport in the territory of each country.²¹⁹ The Iranian side urged Uzbekistan Railways to make necessary efforts to increase its rail freight through Iran to third countries and expressed readiness to provide incentives related to maritime and port services for freight transit through the

²¹⁷ "Convincing key players is paramount": Central Asian countries to enter ocean through Chabahar port", *Daryo*, 17 March 2024 at <https://daryo.uz/en/2024/03/17/convincing-key-players-is-paramount-central-asian-countries-to-enter-ocean-through-chabahar-port> (Accessed on 18 June 2024).

²¹⁸ "Iran can give Uzbekistan access to high seas: Leader", Mehr News Agency, 18 June 2023 at <https://en.mehrnews.com/news/202154/Iran-can-give-Uzbekistan-access-to-high-seas-Leader>, (Accessed on 20 June 2024).

²¹⁹ "Iran, Uzbekistan signed comprehensive transport, transit MoU", Mehr News Agency, 19 June 2023 at <https://en.mehrnews.com/news/202186/Iran-Uzbekistan-signed-comprehensive-transport-transit-MoU> (Accessed on 22 June 2024).

southern ports of Iran. Uzbekistan, like other Central Asian countries, is looking at Iran for trade and transit to Turkey and Europe, or more broadly, to maintain its own transit role in overland trade between China and Europe.²²⁰

In November 2023, Tashkent hosted the first SCO International Transport Forum. On the sidelines, ministers and representatives of the member countries of the ECO, including Uzbekistan, Turkmenistan, Iran and Turkey, signed a Protocol on the unification of tariffs and transportation procedures and border processes. From Iran's perspective, it was crucial to attract a share of China's overland transit to Europe and Iran's East-West transit route.²²¹ China's interest in developing alternate routes bypassing Russia is also visible in the revival of discussions on developing railway routes through Fergana Valley in Kyrgyzstan and Uzbekistan, potentially reaching into Iran via Turkmenistan or Afghanistan. The 454-km long China-Kyrgyzstan-Uzbekistan Railway or CKU-R will connect Kashgar in the Xinjiang Uyghur Autonomous Region with Osh in Kyrgyzstan and then to Andijan in the Uzbek side of the Fergana Valley. It can further link up with the European railway network through Turkmenistan, Iran, and Turkey.²²² If completed, Uzbekistan and Kyrgyzstan may rival Russia and Kazakhstan as central transit partners for China's Europe-bound trade. It will also significantly enhance China's presence in Central Asia. However, the estimated cost of the railway is US\$4 billion, and there are persistent differences regarding funding options among the three countries.

²²⁰ Bruce Pannier, Central Asian states look to Iran as they seek to expand regional transit corridors, Middle East Institute, 9 July 2024 at <https://www.mei.edu/publications/central-asian-states-look-iran-they-seek-expand-regional-transit-corridors> (Accessed on 28 June 2024).

²²¹ "Iran and the battle of economic corridors", PressTV, 2 November, 2023 at <https://www.presstv.ir/Detail/2023/11/02/713888/Iran-transit-routes-North-South-Corridor-China-BRI->, (Accessed on 29 June 2024).

²²² P. Stobdan, "China-Kyrgyzstan-Uzbekistan railway: Could China be at India's border?" *The Indian Express*, 19 January, 2024 at <https://indianexpress.com/article/opinion/columns/china-kyrgyzstan-uzbekistan-railway-could-china-be-at-indias-border-9116257/>, (Accessed on 12 January 2025).

IRAN'S GAS-SWAPPING ARRANGEMENTS WITH NEIGHBOURS

On the sidelines of the 15th Summit of the ECO, Iran, Azerbaijan, and Turkmenistan signed a trilateral natural gas swap deal, indicating that the Raisi administration had ironed out the differences with Ashgabat.²²³ Under the agreement, Iran will receive 1.5 to 2 bcm of gas a year from Turkmenistan in the Sarakhs region and deliver it to Azerbaijan from Astara. The deal marked a significant development, given that in the past, there have been recurring disputes over quality and pricing, as well as delayed delivery of gas from Turkmenistan.²²⁴ Turkmenistan, which does not have the option of LNG shipping, relies on Iran's transit capacity to reach markets among Iran's neighbours, namely Azerbaijan, Iraq and Turkey, which are connected to the Iranian gas pipeline network. There are two pipelines able to carry gas from Turkmenistan to Iran: the 200 km Korpeje-Kordkuy pipeline in Golestan province, which opened in 1997, has a capacity of 8 billion cubic meters per year. The other is the 12.5 billion cubic meter capacity Dauletabad-Sarakhs-Khangiran pipeline that opened in 2010.

A key concern for Iran has been securing a stable and reliable gas supply to homes and factories in the northern and north-eastern Iranian provinces. At the same time, Iran has been expanding its gas transit infrastructure to boost its capacity to transit gas between its neighbours. In 2019, amid looming threats of direct conflict between Iran and US and the seizing of Iranian oil supplies to Syria by the US and some European countries, reports emerged that Iran was seeking to revive the Iran-Iraq-Syria 'friendship pipeline' to Syria's Mediterranean port

²²³ "Iran, Turkmenistan reach agreement on solving gas dispute", Islamic Republic News Agency, 21 September 2021 at <https://en.irna.ir/news/84478398/Iran-Turkmenistan-reach-agreement-on-solving-gas-dispute> (Accessed on 5 July 2025)

²²⁴ "Iran, Turkmenistan reach agreement on solving gas dispute", Islamic Republic News Agency, 21 September 2021 at <https://en.irna.ir/news/84478398/Iran-Turkmenistan-reach-agreement-on-solving-gas-dispute> (Accessed on 1 July 2024).

of Baniyas. Iran, Iraq and Syria had signed an agreement in 2011, just before the unrest began in Syria, under which Iran will build a 6000km pipeline that will allow it to circumvent sanctions and sidestep the Strait of Hormuz in case of a military confrontation involving Iran.²²⁵ While Iraq remains a key importer of Iranian gas for electricity generation, Turkmenistan seeks opportunities to export its gas westwards through Iran. In October 2023, Baghdad and Ashgabat agreed on a gas trade deal, according to which Turkmenistan would supply Iraq with 9 bcm/year via the existing Iran-Iraq pipeline infrastructure.²²⁶ In July 2024, Iran and Turkmenistan signed a gas swap deal under which Iran will provide up to 10 billion cubic meters (bcm) of natural gas to Iraq in exchange for receiving the same volumes from Ashgabat into adjoining Golestan province in north-eastern Iran, which experiences gas shortages in winter months.²²⁷ Under the agreement, Iranian companies will construct a new 125-kilometre gas pipeline along with three gas pressure booster stations in Turkmenistan to boost annual gas shipments to Iran to 40 bcm.

IRAN'S 'STRATEGIC NEGLIGENCE' IN THE SOUTH CAUCASUS

Since the disintegration of the Soviet Union, the South Caucasus has remained a zone of geopolitical competition. The US interest in promoting 'geopolitical and energy pluralism' aims to challenge Russia's traditional influence and support infrastructure development for exporting Caspian oil and gas to Europe, bypassing Russian and Iranian

²²⁵ "Islamic pipeline' seeks Euro gas market", UPI, 25 July, 2011 at <https://www.upi.com/Energy-News/2011/07/25/Islamic-pipeline-seeks-Euro-gas-markets/13971311588240/>, (Accessed 2 July 2024).

²²⁶ "Achieving the Impossible? Exploring a New Energy Pathway via a Turkmenistan-Iran-Iraq Potential Trilateral Cooperation", *Special Eurasia*, 15 January 2024 at <https://www.specialeurasia.com/2024/01/15/turkmenistan-iran-iraq-energy/> (Accessed on 2 July 2024).

²²⁷ "Iran, Turkmenistan sign major gas swap deal", *Tehran Times*, 5 July 2024 at <https://www.tehrantimes.com/news/500704/Iran-Turkmenistan-sign-major-gas-swap-deal> (Accessed on 7 July 2024).

territory.²²⁸ For Washington and its NATO allies, including Turkey, the South Caucasus holds strategic importance as a region for containing Russian and Iranian influence. This policy has led to trilateral cooperation between Turkey, Azerbaijan, and Georgia. However, the geopolitical rivalry between Russia and Europe, conflicting interests of regional countries, and renewed conflict between Armenia and Azerbaijan have complicated progress on economic and transit connections through the Caucasus.

The Second Karabakh War, which began in September 2020 and ended 40 days later with Azerbaijani forces regaining territories in and around Nagorno-Karabakh, has created new challenges for Iran's position in the region. Article 9 of the November 2020 Russian-brokered ceasefire agreement stated that "all economic and transport links in the region shall be unblocked," including those between the "western regions of the Republic of Azerbaijan and the Nakhchivan Autonomous," Republic."²²⁹ It also held that Russian border guards would be responsible for overseeing the transport connections. From Tehran's perspective, the unblocking of routes via Armenia will redraw the transit landscape in the region, while negatively impacting Iran's transit profile.

The Iranian railway network was connected to the Soviet-era South Caucasus railway at Jolfa in East Azerbaijan province, extending to the Julfa District in Nakhichevan.²³⁰ After the First Karabakh War, the

²²⁸ Sergey Markedonov, "Russia-Turkey Relations and Security Issues in the Caucasus", Valdai, 20 April 2016 at <https://valdaiclub.com/a/valdai-papers/russia-turkey-relations-and-security-issues-in-the-caucasus/> (Accessed on 11 July 2024).

²²⁹ Onnik James Krikorian, "Baku, Yerevan, and Moscow Clash Over Regional Transit", The Jamestown Foundation, 25 January 2024 at <https://jamestown.org/program/baku-yerevan-and-moscow-clash-over-regional-transit/> (Accessed on 11 July 2024).

²³⁰ Vali Kaleji, "Iran and South Caucasus Railway Connections after the Nagorno-Karabakh War", *The Central Asia-Caucas Analyst*, 8 July 2021 at <https://www.cacianalyst.org/publications/analytical-articles/item/13677-iran-and-south-caucasus-railway-connections-after-the-nagorno-karabakh-war.html> (Accessed on 12 July 2024).

districts of Fuzuli, Jabrayil, and Zangilan along the Iranian border came under Armenian control, cutting off the railway link between mainland Azerbaijan and Nakhichevan. As a result, Iran also lost its railway connection with the Caucasus. In 2005, Russia, Iran, and Azerbaijan signed an agreement to extend the Soviet-era railway at Astara in Azerbaijan, near the border Iran. It also planned to build a railway from Astara on Iran's side of the border southward to Rasht and Qazvin near Tehran. While the Rasht–Qazvin section opened on 22 November 2018, the Rasht-Astara section is still under construction and will cost US\$500 million. However, the road from Iran's Bileh Savar crossing with Azerbaijan to Julfa became the shortest route bypassing Armenia, linking mainland Azerbaijan and Nakhichevan, and further to Turkey. Iran risks losing this route if Azerbaijan, with Turkey's support, succeeds in opening the so-called 'Zangezur corridor' through Syunik, Armenia's southernmost province bordering Iran.

Based on the Russian-brokered ceasefire agreement, Baku equated the 'Zanzegur Corridor' with the Lachin Corridor, which connected Nagorno-Karabakh to Armenia. Armenia has pushed back against the corridor through which Baku seeks to claim extra-territorial rights on internationally recognised Armenian territory.²³¹ Yerevan argues that a militarised corridor running through its territory with no border or customs checks is in contravention of Armenian law and territorial integrity.²³² For Iran, the corridor will have dire security implications of potentially blocking its access to Armenia and entrenching the presence of Turkey and Israel on its northern borders, allowing them to destabilise its northern Azeri-populated regions.

Iran and Armenia are alarmed by the irredentist tone in Baku's revival of the historical territorial designation of Zangezur, as a lost Azerbaijani

²³¹ Eldar Mamedov, "Perspectives: Iran adapting to altered geopolitical landscape in South Caucasus", Eurasianet, 4 April 2024 at <https://eurasianet.org/perspectives-iran-adapting-to-altered-geopolitical-landscape-in-south-caucasus> (Accessed on 12 July 2024).

²³² Onnik James Krikorian, "Baku, Yerevan, and Moscow Clash Over Regional Transit", The Jamestown Foundation, 25 January 2024 at <https://jamestown.org/program/baku-yerevan-and-moscow-clash-over-regional-transit/> (Accessed on 13 July 2024).

ethnic space, which became part of Armenia during the Soviet period. Zangezur was one of three areas, along with Nakhichevan and Nagorno-Karabakh, on which the first (pre-Soviet) Republics of Armenia and Azerbaijan made rival claims in 1918-20. In July 2021, Baku undertook an internal reorganisation of the economic region and named a new region bordering Syunik as Eastern Zangezur, implying that Syunik was Western Zangezur. The new realities created by Baku's retaking of parts of Karabakh and seven surrounding districts adjacent to Iran have also significantly limited Iran's access to Armenia and raised the threat of severing of Iran's narrow 44 km border with Armenia. In October 2021, the IRGC carried out a large-scale military exercise, 'Liberators of Khaybar' along its borders with Azerbaijan, showing Iran's defensive military readiness to discourage Baku from changing the status quo in the border regions and letting Israel use its territory used for carrying out anti-Iranian activities.²³³

Amid objections from Armenia and Iran, Baku has repeatedly threatened to open such a corridor by force. In September 2022, the Azerbaijani military targeted up to 23 locations in Armenia, including cities such as Goris and Kapan, and captured several strategic positions and heights within the Armenian territory. Iran's response was to offer mediation as it called for preserving the status quo at the Iranian-Armenian border.²³⁴ Russia, reeling under Western sanctions over the Russia-Ukraine War, has taken a more accommodative stance towards Turkey and Azerbaijan. The Armenian Prime Minister Nikol Pashinyan's appeal to Russia to take practical collective steps to ensure the security, territorial integrity and sovereignty of Armenia within the framework of the CSTO Charter yielded no results. Subsequently, he went on to

²³³ In less than 48 hours, troops, equipment transferred to drill field in northwest Iran, *Tehran Times*, 3 October 2021 at <https://www.tehrantimes.com/news/465724/In-less-than-48-hours-troops-equipment-transferred-to-drill> (Accessed on 10 July 2024).

²³⁴ "Iran's top general urges peaceful solution to Armenia-Azerbaijan dispute over Karabakh region", Press TV, 3 October 2022 at <https://www.presstv.ir/Detail/2022/10/03/690320/Iran-Azerbaijan-Armenia-Baqeri-Zakir-Hasanov-Karabakh> (Accessed on 12 July 2024).

downgrade Armenia's participation in the CSTO and welcomed an EU Monitoring Capacity in Armenia (EUCAP).

Although Iran has concerns about Armenia's growing ties with Western countries, it remains committed to supporting Armenia's sovereignty and territorial integrity and maintaining its trade route with Armenia. Pashinyan became further reluctant on the Zangezur corridor after Azerbaijan carried out a self-proclaimed anti-terrorist campaign in September 2023, capturing the Karabakh region, which resulted in a forced exodus of over 100,000 ethnic Armenians into Armenia. Yerevan maintains that Moscow did not keep its commitment under the ceasefire agreement, as the Russian peacekeeping contingent in Nagorno-Karabakh did not fulfil its mandate. Pashinyan's initiative of "Crossroads of Peace", first articulated at the European Parliament in October 2023, offers an alternative to the Zangezur Corridor by envisioning an expansion of Armenia's North-South Road to include east-west connections. At the Silk Road International Conference in Tbilisi in November 2023, Pashinyan linked the "Crossroads of Peace" to his country's peace agenda. It calls for the "opening of all regional communications under the sovereign authority of the concerned parties". The project aims to enhance communication between Armenia, Turkey, Azerbaijan and Iran through infrastructure development, including roads, railways, pipelines, cables and electricity lines. Further, by referring to the agreements reached in the EU-facilitated talks with Azerbaijan in Brussels, the Armenian project ignores the Russian-mediated trilateral agreement and the trilateral working group on economic cooperation and transit routes.

Amid Armenia's cultivation of security ties with Western powers, including France and the United States, Iran has doubled down on its traditionally balanced approach between Armenia and Azerbaijan, including efforts at mediation between them. To resolve the conflicting visions and interpretations of corridors and regional connectivity in the Caucasus, Iran has backed the 3+3 framework, which includes three southern Caucasus nations of Azerbaijan, Armenia, and Georgia and their three neighbours, Russia, Iran and Turkey. The format is built on the "regional solutions to regional problems" approach and has increasingly gained salience for its usefulness in managing tensions

between Armenia and Azerbaijan and managing differences among participating countries.²³⁵

In October 2023, Iran hosted a Foreign Ministers level 3+3 format meeting on the theme of “Peace, Cooperation, and Progress in the South Caucasus.”²³⁶ Foreign Minister Adbollahian emphasised utilising the region’s capacities to resolve regional issues and make collective efforts to establish peace and cooperation for economic development and promote the welfare of the people in the region. In the wake of Baku’s takeover of Karabakh and amid fears of Azerbaijan and Armenia clashing over the proposed Zangezur Corridor, Iran hosted back-to-back meetings with high officials from Armenia and Azerbaijan. On 4 October, President Raisi, while hosting Secretary of Armenia’s Security Council, Armen Grigoryan, in Tehran, noted that Iran is “strongly opposed” to the Zangezur corridor.²³⁷ In his meeting with Grigoryan, the Chief of Staff of Iran’s Armed Forces, Major General Mohammad Hossein Baqeri, expressed Iran’s concerns about the recent joint military drill between Armenia and the United States. Bagheri insisted, “regional security must be ensured by the regional countries” and offered to send observers to the border between Azerbaijan and Armenia. Soon after Grigoryan’s visit, Abdollahian hosted Khalaf Khalafov, the special representative of Azerbaijan’s President for border and Caspian Sea issues, for talks, where he argued that the 3+3 format is a useful mechanism for resolving regional disputes without the involvement of extra-regional countries. Later, Iran’s Foreign Ministry

²³⁵ Vasif Huseynov, “Strained Relations Between Azerbaijan and the West”, The Jamestown Foundation, 27 November 2023 at <https://jamestown.org/program/strained-relations-between-azerbaijan-and-the-west/> (Accessed on 15 July 2024).

²³⁶ “‘Time for peace, cooperation, and progress in South Caucasus’: Iran FM”, *Tehran Times*, 23 October 2023 at <https://www.tehrantimes.com/news/490492/Time-for-peace-cooperation-and-progress-in-South-Caucasus> (Accessed on 13 July 2024).

²³⁷ “Tehran strongly opposes proposed Zangezur Corridor, Raisi says,” *Tehran Times*, 4 October 2023 at <https://www.tehrantimes.com/news/489741/Tehran-strongly-opposes-proposed-Zangezur-corridor-Raisi-says>, (Accessed 15 July 2024).

spokesman noted, “officials of Armenia had expressed worry over a possible new clash on the part of Azerbaijan, but officials of Azerbaijan have sent messages to us that they have no intention to take any military action.”²³⁸

Iran is also using its balanced approach between Baku and Yerevan to maintain its role in the regional transit. As an alternative to the Zangezur Corridor, Iran has offered to develop jointly with Azerbaijan, a transit corridor along the Aras River that marks the natural border between Iran and Azerbaijan. This 55-kilometre highway and rail route will run from Aghaband in Zangilan District, reclaimed by Baku in 2020, to Ordubad in southern Nakhchivan via Iranian territory.²³⁹ On 9 October 2023, during a visit to Zangilan, Iranian Transport and Urban Development Minister Mehrdad Bazrpash and Shahin Mustafayev, the Deputy Prime Minister of Azerbaijan, jointly inaugurated the construction of Aghband Border Bridge on the Aras River as part of the proposed corridor.²⁴⁰ As Azerbaijan’s recapture of Karabakh created tensions with some Western countries and Russia’s invasion of Ukraine pushed Moscow to activate the INSTC, Baku and Tehran took a more pragmatic approach in engaging each other on regional transit.²⁴¹

²³⁸ “Azerbaijan president special envoy visits Tehran”, *Tehran Times*, 4 October 2023 at <https://www.tehrantimes.com/news/489740/Azerbaijan-president-special-envoy-visits-Tehran> (Accessed on 11 July 2024).

²³⁹ Vali Kaleji, “Is the Aras Corridor an Alternative to Zangezur?” *The Central Asia-Caucasus Analyst*, 6 February 2024 at <https://www.cacianalyst.org/publications/analytical-articles/item/13788-is-the-aras-corridor-an-alternative-to-zangezur?.html> (Accessed on 15 July 2024).

²⁴⁰ Construction of transport corridor to Nakhchivan launched on Iran-Azerbaijan border, ARK News Agency, 6 October 2023 at https://arka.am/en/news/economy/construction_of_transport_corridor_to_nakhchivan_launched_on_iran_azerbaijan_border/?sphrase_id=2033314 (Accessed on 15 July 2024).

²⁴¹ Emil Avdalani, “Azerbaijan and Iran Seek Common Ground Amid Regional Tensions”, The Jamestown Foundation, 27 March 2024 at <https://jamestown.org/program/azerbaijan-and-iran-seek-common-ground-amid-regional-tensions/> (Accessed on 15 July 2024).

Iran's pursuit of a pragmatic diplomatic approach to resolving differences with Azerbaijan is influenced by Iran's deepening conflict with Israel amid the Israel-Hamas conflict. As Iran's allies and partners in the 'resistance axis' have been engaged in military conflict with Israel, there remains a constant possibility of conflict expanding in the region, involving Iran in a direct confrontation. In this context, Iran is seeking to avoid another front on its northern borders, especially given Azerbaijan's close military ties with Israel. From time to time, hawkish voices in the US, Israel and also Turkey and Azerbaijan, have called for inciting Iran's large Azeri minority, around 25 per cent of the total population, living in the three provinces bordering Azerbaijan.²⁴² In addition, Iran does not seek to securitise its northern borders in favour of a geo-economic vision of realising its geographical advantage to play a key role in regional transit and connectivity.

Iran is also interested in diversifying its trade network through a rail route via Armenia and Georgia to the Black Sea, also called the Persian Gulf-Black Sea Corridor. Iran's strategy has been to work with Armenia and engage India within the framework of the INSTC and the Persian Gulf-Black Sea Transit and Transport Corridor. These efforts culminated in the first India-Iran-Armenia trilateral consultation in Yerevan in April 2023.²⁴³ Apart from cooperation in the military-technical sector, trade and transit sector cooperation was the focus of the trilateral political consultations.²⁴⁴ Analysts see the emergent India-Iran-Armenia trilateral cooperation on regional connectivity as a soft

²⁴² Eldar Mamedov, "Perspectives | How U.S. hawks' fixation on Iran endangers Middle East Christians", Eurasianet, 31 October 2020 at <https://eurasianet.org/perspectives-how-us-hawks-fixation-on-iran-endangers-middle-east-christians> (Accessed on 12 July 2024).

²⁴³ Dipanjan Roy Chaudhury, "India-Iran-Armenia launch trilateral to create corridor to Russia and Europe", *The Economic Times*, April 22 2023 at <https://economictimes.indiatimes.com/news/international/world-news/india-iran-armenia-launch-trilateral-to-create-corridor-to-russia-europe/articleshow/99676474.cms?from=mdr>, (Accessed on 15 July 2024).

²⁴⁴ "Armenia hosts first trilateral meeting with Iranian and Indian officials", *Tehran Times*, April 23 2023 at <https://www.tehrantimes.com/news/483916/Armenia-hosts-first-trilateral-meeting-with-Iranian-and-Indian> (Accessed on 17 July 2024).

balancing' strategy to frustrate Turkey and Azerbaijan's plans for the Zangezur Corridor.²⁴⁵ The aim is to secure Armenia's territorial integrity and balance what is seen as an emergent Turkey-Azerbaijan-Pakistan axis without provoking a direct confrontation.

IRAN-TURKEY COMPETITIVE DYNAMICS IN TRANSPORT CORRIDORS IN EURASIA

Iran and Turkey, as two neighbouring countries, take both competitive and cooperative approaches to their relations. Over the years, there have been four active border crossings at the Iran-Turkey border. Iran has provided a transit route for Turkish goods to Central Asia, while it depends on Turkey to reach the European market markets. For Iran, Turkey poses the biggest competition for its transit role in the east-west connectivity, which has been compounded further in the wake of Azerbaijan's liberation of Nagorno-Karabakh and Turkish-supported rebels' ouster of the Bashar al-Assad government in Syria. Iran now fears one-sided dependency on Turkey for its westward connectivity.

As China's BRI sought to advance its overland connectivity to Europe through Russia and Central Asia, Turkey, to advance its status as a transit hub between Europe and Asia, made concerted efforts towards regional integration along the Trans-Caspian International Transport Route, also called the Middle Corridor. To raise Turkey's status as an independent connectivity player and consolidate its geopolitical gains in the South Caucasus, Turkey is keen to capitalise on growing European and Chinese interest in the Middle Corridor, especially as the northern corridor via Russia has been disrupted by Western sanctions and the southern corridor via Iran is gaining some purchase among Central Asian countries. Turkey, which has a much more open economy and is well linked with industrial and supply chains in Europe, is well placed to take advantage of Europe's decoupling with Russia to strengthen its position in the global supply chains as a link between

²⁴⁵ Vali Kaleji, "New Trilateral Cooperation for Iran, Armenia and India in the South Caucasus: From 'Soft Balancing' to Regional Transit Balance", The Jamestown Foundation, 21 June 2023 at <https://jamestown.org/program/new-trilateral-cooperation-for-iran-armenia-and-india-in-the-south-caucasus-from-soft-balancing-to-regional-transit-balance/> (Accessed on 12 July 2024).

Central and East Asia and Europe.²⁴⁶ From Ankara's perspective, the Zangezur Corridor can turn the Middle Corridor into a 'priority vector' for China's BRI and provide a South Caucasian route to Europe in addition to the Baku–Tbilisi–Kars railway, a key East-West transport corridor. Azerbaijan's President Ilham Aliyev's signing of a strategic partnership agreement with China in July 2024 was a crucial step in this regard. Iran also finds itself in competition with Turkey for cooperation with China, especially in attracting Chinese investment in developing and upgrading their transit infrastructure.

Turkey is also taking advantage of its partnership with Russia to strengthen its position in regional transit and transport corridors and a favoured route to connect Russia with Asian markets. Soon after the India-Middle East-Europe Economic Corridor (IMEC) was announced at the G-20 Summit in New Delhi, Turkey, which was excluded from the project, announced the Development Road, comprising a 1,200-kilometre highway and railway network, to facilitate the transport of goods from the Persian Gulf to Europe via the Grand Faw Port in Basra in southern Iraq. Further, by linking the Development Road with the so-called Zangezur Corridor, Turkey seeks to strengthen its role in Russia's connectivity to Asia. Therefore, Russia has increasingly taken a favourable view of the Zangezur Corridor. In August 2024, Russian President Vladimir Putin made his first State visit to Azerbaijan. Subsequently, Foreign Minister Sergei Lavrov accused Armenian Prime Minister Nikol Pashinyan of "sabotaging" the agreement concerning transport routes via Armenia's Syunik Province.²⁴⁷ Turkey is not only determined to protect its role in Asia-Europe connectivity, but it also aims to balance Iran's influence in Iraq. In deepening cooperation with Baghdad, Turkey also hopes to ameliorate the challenge posed by Kurdish separatists operating out of safe havens in the Sinjar mountains

²⁴⁶ Kadri Tastan, "EU-Turkey Economic Relations in the Era of Geo-economic Fragmentation," SWP, 6 September 2024 at <https://www.swp-berlin.org/publikation/eu-turkey-economic-relations-in-the-era-of-geo-economic-fragmentation> (Accessed on 13 October 2024).

²⁴⁷ "Russia puzzled by Armenia's resistance to logistics corridor agreements", TASS, 19 August 2024 at <https://tass.com/politics/1831071> (Accessed on 13 October 2024).

in northern Iraq. This is a departure from the militaristic approach taken by Ankara, with repeated air raids and ground operations against Kurdish fighters and recent efforts to create a Turkish-controlled buffer area in northern Iraq. While Ankara has maintained favourable ties with the Erbil-based Kurdistan Democratic Party, Turkey's military presence in northern Iraq soured Ankara's relations with Baghdad. However, in an indication of warming ties, in March 2024, Baghdad designated the Kurdish separatist armed group Kurdistan Workers' Party (PKK) as a "banned" organisation despite the group having been present in Iraq's Kurdistan region since the 1980s.

After geopolitical setbacks in Syria, Iran may take a more realistic view of the Turkish-led corridors. With the loss of Syria, Iran no longer has prospects of developing an alternative route to the Mediterranean Sea, bypassing Turkey. Turkey, for its part, is aware of Iran's strategic control of the Strait of Hormuz choke point and may be amenable to engaging a weakened Iran.

IRAN AND INDIA: A GROWING CONNECTIVITY PARTNERSHIP

Since the New Delhi Declaration, signed in 2003 by the then Prime Minister of India, Atal Bihari Vajpayee and Iranian President Mohammed Khatami, cooperation in regional connectivity and transit has been a key pillar of India-Iran ties. Iran has a crucial ‘gateway’ role for India by allowing it to overcome its post-partition geopolitical predicament, where a hostile Pakistan has cut off India’s centuries-old overland transit to Central Asia. The trans-regional connectivity project of the INSTC and Iran’s Chabahar Port, which has direct access to the Indian Ocean and proximity to land-locked Afghanistan and Central Asia, has been central to this connectivity partnership.

Under the 2016 bilateral agreement, India pledged a \$500 million credit line to build, equip and operate two terminals at Chabahar port.²⁴⁸ India considers Chabahar port a strategic investment for regional connectivity and a counter to China’s development of Gwadar as the centrepiece of the China-Pakistan Economic Corridor (CPEC). Iran’s Look East strategy focused on economic cooperation with neighbours and Asian countries, also draws on Iran’s time-tested tactic of playing off rivals, in this case, India and China, against each other. To maximise its gains in the competitive Eurasian connectivity landscape, Iran has welcomed Indian investments in Chabahar while also rebranding the

²⁴⁸ “Agreement on the Establishment of an International Transport and Transit Corridor among the Governments of the Republic of India, Islamic Republic of Afghanistan, and Islamic Republic of Iran”, Ministry of External Affairs at <https://www.mea.gov.in/Portal/LegalTreatiesDoc/016P2941.pdf> (Accessed on 12 September 2023).

port as a ‘symbol of cooperation’ among the SCO member states, including India, China and Pakistan. India-Iran cooperation in regional connectivity also has had to contend with ‘the US factor’ in a context where Iran and the US have remained trapped in a prolonged confrontation. At the same time, India-US ties have progressively strengthened, especially under the rubric of the Indo-Pacific strategy. Despite challenges, the growing importance of the INSTC for India’s trade with Russia and the signing of a 10-year bilateral contract concerning operations of Chabahar Port by India stress the strategic importance Iran plays in India’s Eurasia policy.²⁴⁹ Arguably, India’s cooperation with Iran in connectivity is underpinned by a certain level of convergence in their respective visions of regional order.

Given that Iran and India have shared concerns about the security environment in South-West Asia, Tehran has traditionally welcomed India’s role in Afghanistan, including through participation in regional frameworks in Afghanistan. India and Iran have a shared interest in supporting independent state-building in Afghanistan and maintaining a geo-economic and geopolitical balance of power in Afghanistan and broader Central Asia. Both countries also consider each other vital partners in countering violent extremism and terrorism, especially in dealing with the threat of cross-border terrorism. In January 2024, when Iran carried out cross-border strikes against sanctuaries in Pakistan, India recognised and supported Iran’s right to ‘self-defence’ against terrorism. Iranian Foreign Minister Amir-Abdollahian, during his maiden visit to India in June 2022, called for “preparing a roadmap for strategic cooperation that can regulate long-term bilateral ties and protect the relations from detrimental factors.”²⁵⁰

²⁴⁹ Dhruvaksh Saha and Subhayan Chakraborty, “After long wait, India inks Chabahar port’s 10-year deal with Iran”, *Business Standard*, 13 May 2024, https://www.business-standard.com/economy/news/after-long-wait-india-inks-chabahar-port-s-10-year-deal-with-iran-124051301357_1.html (Accessed on 1 June 2024).

²⁵⁰ Kazem Sarabi, “Iran Calls for Roadmap to Expand Ties with India,” *Caspian News*, 10 June 2022 at <https://caspiannews.com/news-detail/iran-calls-for-roadmap-to-expand-ties-with-india-2022-6-9-49/> (Accessed on 2 June 2024).

Geopolitical and Geo-economic drivers of India-Iran cooperation in Chabahar

Over the last decade, the India-Iran partnership in regional connectivity has become the defining feature of their bilateral relations. At the turn of the 21st century, an intensifying rivalry between China and India on the Asian continent and in the Indian Ocean gave a fillip to the geopolitical importance of the Makran Coast and Chabahar. David Brewster notes that historically, two geographical constraints shaped the Indian Ocean: the lack of connection between the interior of the Eurasian continent and the Indian Ocean littoral via navigable rivers, and the limited access to the Ocean through a few narrow entry-exit points. These factors contributed to the dominance of this Ocean by a succession of extra-regional maritime powers.²⁵¹ This unique geography led to extra-regional maritime powers competing for control over those choke points and the sea lanes between them. At the same time, these two geographic factors have also virtually excluded Eurasian land powers such as China and Russia from projecting their naval power in the Indian Ocean.

For Iran, the geographical attributes of its Makran coastline, marked by a rugged terrain lacking navigable rivers and sparsely populated, have acted as significant strategic constraints on its development as a geopolitical asset. Iranian analysts point to several historical instances, namely the Portuguese attack on the Island of Hormuz in 1507 and the British occupation of the Bushehr Port in 1856 to force the Qajar Shah to give up Herat to a British-backed regime in Kabul, to stress the potential vulnerabilities that can arise from ignoring the Hormuz Strait.²⁵² Since the end of the Cold War, when the Soviet Union no

²⁵¹ David Brewster, "Silk Roads and Strings of Pearls: The Strategic Geography of China's New Pathways in the Indian Ocean," *Geopolitics*, 22 (2), 2017, pp.269-291.

²⁵² Abdolrasool Divsallar, 'Shifting Threats and Strategic Adjustment in Iran's Foreign Policy: The Case of Strait of Hormuz', *British Journal of Middle Eastern Studies*, 49 (5), 2022, p.875.

longer had a menacing presence on Iran's northern borders and had withdrawn its forces from Afghanistan, Iran has been keen to tap into the unrealised geopolitical and geo-economic potential of the Makran Coast and the Gulf of Oman. Supreme Leader Ayatollah Ali Khamenei, who sets the general direction for Iran's security and development policies, gave his dictum on the strategic potential of Makran and the Gulf of Oman. He described the Makran Coast as an "undiscovered treasure," as he acknowledged that Iran has focused all its attention on the Persian Gulf and ignored "our enormous wealth in the Sea of Oman". The Sea of Oman, he noted, is "the backbone of the Persian Gulf and determines its fate."²⁵³ For Iran, the Persian Gulf, connected to the Indian Ocean through the narrow Strait of Hormuz, is the primary conduit of its international trade and an arena of confrontation with the United States.²⁵⁴ Therefore, Chabahar in the Sea of Oman has long been envisaged as a deep-water port that will give Iran more freedom of action in the Persian Gulf. Chabahar also has great geo-economic potential as an international transshipment centre oriented towards landlocked Afghanistan and Central Asia.²⁵⁵ In the early 1990s, a Chabahar Free Trade-Industrial Zone was created with the expectation that it would attract foreign direct investment, promote a diversified industrialisation base, boost non-oil exports, and help address the underdevelopment of the country's south-eastern region.²⁵⁶

²⁵³ Saeed Jalili, "Iran Makran Coast Strategic Plan Gets Underway," *Financial Tribune*, 31 May 2017 at <https://financialtribune.com/articles/economy-domestic-economy/65718/iran-makran-coast-strategic-plan-gets-underway> (Accessed on 12 June 2024).

²⁵⁴ Abdolrasool Divsallar, no. 252, p. 872.

²⁵⁵ Philip Reid, *Makran Gateways: A Strategic Reference for Gwadar and Chabahar*, MP-IDSA Occasional Paper No. 53, 2019, p. 21 at <https://idsa.in/occasionalpapers/makran-gateways-op-53> (Accessed on 3 June, 2024)

²⁵⁶ "Iran, Uzbekistan negotiate establishment of joint free zone," *Tehran Times*, 28 April 2023; "Iran, Uzbekistan negotiate establishment of joint free zone," *Tehran Times*, 28 April 2023 at <https://www.tehrantimes.com/news/484061/Iran-Uzbekistan-negotiate-establishment-of-joint-free-zone> (Accessed on 12 June 2024).

Iran's Makaran Coast and Chabahar gained strategic importance as China and India, vying for previously untapped markets and resources in Central Asia and aiming to project power, envisioned new overland transport corridors as their independent links between the Eurasian interior and the Indian Ocean.²⁵⁷ Over the last two decades, China has built a significant portfolio of infrastructure investments along the Indian Ocean littoral. Some of these are port facilities critical for China's maritime trade, while others are oceanic terminals supporting trade and transport routes originating from China's interior. Since the start of the millennium, China has shown interest in Pakistan's Makran Coast, aiming to develop a naval facility to protect its energy imports from the Persian Gulf and to compete with India for influence in the Indian Ocean. The Gwadar Port on the Arabian Sea has been developed as the terminus of the CPEC.²⁵⁸ Iran's Chabahar and Pakistan's Gwadar and Karachi are competing to become the key gateway ports connecting landlocked Central Asia and Afghanistan with the Indian Ocean. New Delhi, for its part, does not see Chinese infrastructure development in the Indian Ocean as purely commercial but as part of strategic competition in the Indo-Pacific. India will therefore continue to support the development of Chabahar despite pressures from the United States and its involvement in other Western-backed infrastructure projects.

INDIA-IRAN COOPERATION IN DEVELOPING CHABAHAR PORT

India had been offered participation in the development of Chabahar Port during President Khatami's visit to India in 2003. After initial attempts to use a public-private partnership model and sluggish pace of negotiations during international sanctions on Iran, Chabahar was

²⁵⁷ Rory Daniels, "Strategic Competition in South Asia: Gwadar, Chabahar, and the Risks of Infrastructure Development," *American Foreign Policy Interests*, 35, 2013 pp. 93-100.

²⁵⁸ David Brewster, "Chabahar: India's New Move in the Great Indian Ocean Port Race," *The Interpreter*, 31 May 2016 at <https://www.lowyinstitute.org/the-interpreter/chabahar-india-s-new-move-great-indian-ocean-port-race> (Accessed on 22 September 2023).

brought back to Government track negotiations by 2011.²⁵⁹ In August 2012, then Indian Prime Minister Manmohan Singh attended the Non-Aligned Movement Summit in Tehran. On Tehran's initiative, a trilateral meeting of India, Iran and Afghanistan at the level of Deputy Foreign Ministers or Foreign Secretaries was held on the sidelines. One of the key agendas was to look into the Report by the Indian Ports Association (IPA) on various commercial activities that could be undertaken at the Port.²⁶⁰ The Ahmadinejad administration saw Chabahar as a lifeline that would help Iran break through US-sponsored isolation by forging greater economic ties with Asian countries.²⁶¹ At the same time, it hoped that cooperation with India on Chabahar would lead New Delhi to support Iran in countering the US policy of Iran's containment. Washington, for its part tolerated India's involvement in developing Chabahar as part of a trade and transit to Afghanistan, especially as it expected India to play a role in the US's New Silk Road initiative of supporting continental corridors linking Afghanistan with neighbouring Central Asia, India and Pakistan, a region it dubbed as 'Greater Central Asia'.²⁶²

It was only after the Rouhani administration reached an interim nuclear agreement with six major powers in 2013 that negotiations on Chabahar

²⁵⁹ Praveen Swami, "Why Chabahar Deal is a Rebellion Against History" *The Indian Express*, 27 May 2016 at <https://indianexpress.com/article/explained/narendra-modi-iran-visit-chahbahar-port-deal-in-iran-2819249/> (Accessed on 12 July 2024) ; D.P. Srivastava, "India-Iran Ties: A Former Ambassador Writes," Indian Council of World Affairs, 18 August 2022 at https://www.icwa.in/show_content.php?lang=1&level=1&ls_id=7780&lid=5187 (Accessed on 1 September 2023).

²⁶⁰ "India-Iran-Afghanistan trilateral meeting to be held in Tehran, trade tops agenda," *The Times of India*, 25 August 2012 at <https://timesofindia.indiatimes.com/india/india-iran-afghanistan-trilateral-meeting-to-be-held-in-tehran-trade-tops-agenda/articleshow/15692480.cms> (Accessed on 1 September 2023)

²⁶¹ Rory Daniels, no. 257.

²⁶² "Central Asia, Afghanistan and the New Silk Road: Political, Economic and Security Challenges," *The Jamestown Foundation*, 14 November 2011 at https://jamestown.org/wp-content/uploads/2011/11/Afghan_Silk_Road_conf_report_-_FULL.pdf (Accessed on 3 September 2023).

between India and Iran gained momentum. From October 2014, India's Ministry of Shipping took the lead and exchanged delegation-level visits with its Iranian counterpart, the Ports and Maritime Organisation.²⁶³ The MOU on 'Partnership of India in the Development Plan of Chabahar Port' was signed on 6 May 2015 by the then Minister for Shipping, Nitin Gadkari.²⁶⁴

During Prime Minister Narendra Modi's visit to Tehran in May 2016, India and Iran signed a bilateral agreement under which India pledged an investment of US\$500 million to develop and equip the Chabahar Port. At the same time, an MoU was signed between Prime Minister Narendra Modi, President Hassan Rouhani and President Ashraf Ghani, to build an International Transit and Transport Corridor among the three countries using Chabahar Port as one of the regional hubs.²⁶⁵ Under the first phase of the agreement, New Delhi committed to equip and operate two berths in Chabahar Port with a capital investment of US\$85.21 million and an annual revenue expenditure of US\$22.95 million on a 10-year lease.²⁶⁶ During Prime Minister Modi's visit to Iran, Indian Railway Construction Limited (IRCON) signed an MoU with Iran's Construction, Development of Transport Infrastructure

²⁶³ Subhomoy Bhattacharjee, "Chabahar Port and India", Research and Information System for Developing Countries January 2018 at <https://www.ris.org.in/sites/default/files/Publication/policy%20brief%2080-Chabahar%20port%20and%20India%20.pdf> (Accessed on 9 June 2024).

²⁶⁴ Ministry of External Affairs Demands For Grants (2024-25) Fourth Report, Lok Sabha Secretariat, December 2024 at https://eparlib.nic.in/bitstream/123456789/2982381/1/18_External_Affairs_4.pdf (Accessed on 3 September 2023).

²⁶⁵ "Agreement on the Establishment of an International Transport and Transit Corridor among the Governments of the Republic of India, Islamic Republic of Afghanistan, and Islamic Republic of Iran" at <https://www.mea.gov.in/Portal/LegalTreatiesDoc/016P2941.pdf> (Accessed on 3 September 2023).

²⁶⁶ 'India to fully operationalise Chabahar Port Soon; Iranian Bank Branch to Open in Mumbai: Nitin Gadkari', *The Economic Times*, 8 January 2019 at <https://economictimes.indiatimes.com/news/economy/foreign-trade/india-to-fully-operationalise-chabahar-port-soon-iranian-bank-branch-to-open-in-mumbai-nitin-gadkari/articleshow/67435229.cms?from=mdr> (Accessed on 2 September 2023).

Company (CDTIC) to provide requisite services for constructing the railway line for a feasibility study on the construction of a 750-km railway line from Chabahar to Zahedan near the Iran-Afghanistan border.²⁶⁷ The Chabahar-Zahedan railway line is the key link in the transit and transportation corridor to Afghanistan and Central Asia under the Chabahar Agreement.

In October 2017, less than two months after the US Strategy on Afghanistan and South Asia called on India to play a more significant role in stabilising Afghanistan, India sent a shipment of wheat for Afghanistan through Chabahar, marking the operationalisation of the Port.²⁶⁸ The shipment demonstrated that the Port is a viable and secure alternative for promoting regional connectivity among India, Iran and Afghanistan.²⁶⁹ It was seen as the US's nod of approval for India's engagement in Chabahar. In December 2017, Iranian President Rouhani inaugurated the newly extended container berth under the first phase of Chabahar.²⁷⁰ In the same month, Chinese Foreign Minister Wang Yi

²⁶⁷ "Question No.1475 Chabahar-Zaheden Railways Line" Ministry of External Affairs, 10 February 2021 at <https://www.mea.gov.in/lok-sabha.htm?dtl/33493/QUESTION+NO1475+> (Accessed on 1 March 2025).

²⁶⁸ Elizabeth Roche, "India sends 1st wheat shipment to Afghanistan via Chabahar Port," *Mint* at <https://www.livemint.com/Politics/lxmYQHtlukr2FFkYg3ZqoI/Indias-first-wheat-shipment-leaves-Irans-Chabahar-port-for.html> (Accessed on 22 September 2021); "Remarks by President Trump on the Strategy in Afghanistan and South Asia," The White House, 21 August 2017 at <https://trumpwhitehouse.archives.gov/briefings-statements/remarks-president-trump-strategy-afghanistan-south-asia/> (Accessed on 22 September 2023).

²⁶⁹ Sanjay Kapoor, "A Shadow over Chabahar's Fate," Observer Research Foundation, January 2018 at https://www.orfonline.org/wp-content/uploads/2018/01/ORF_SpecialReport_55_Chabahar.pdf (Accessed on 22 September 2023); "Question No.2723 Development Of Chabahar Port," Ministry of External Affairs, 3 January, 2018 at <https://www.mea.gov.in/lok-sabha.htm?dtl/29311/question+no2723+development+of+chabahar+port> (Accessed on 19 September 2023).

²⁷⁰ "Strategic Chabahar Port Development Plan Inaugurated," *Tehran Times*, 3 December 2017 at <https://www.tehrantimes.com/news/419011/Strategic-Chabahar-port-development-plan-inaugurated> (Accessed on 19 September 2023).

hosted the first trilateral meeting between the foreign ministers of China, Pakistan and Afghanistan, where he proposed to extend the CPEC to Afghanistan.²⁷¹ Beijing has a longstanding interest in gaining influence over Afghanistan's minerals, energy resources and transit routes. Yet, Wang Yi framed his proposal within the BRI narrative of promoting regional connectivity cooperation as he said that, "China hopes the economic corridor (CPEC) could benefit the whole region and act as an impetus for development."²⁷² The alignment between China and Pakistan in Afghanistan also stems from their shared perception of Chabahar as part of India's efforts to create a rival connectivity network, sidestepping Pakistan.²⁷³ Further, Beijing, by taking up the extension of the CPEC to Afghanistan, hoped to mend strained ties between Kabul and Islamabad over the latter's support for the Taliban so that they could better tackle the spread of Islamic militancy from the Af-Pak region to China's Western province of Xinjiang.

In December 2018, just as the US sanctions were to be snapped back following the Trump administration's withdrawal from the nuclear agreement, State-led India Ports Global Limited (IPGL), through its wholly owned subsidiary, India Ports Global Chabahar Free Zone (IPGCFZ), took over the operation of the Chabahar Port.²⁷⁴ Subsequently, New Delhi negotiated a limited sanctions exemption for developing the Chabahar Port, the associated railway line, and for shipment of non-sanctioned goods through the Port for Afghanistan's

²⁷¹ Ben Blachard, "China, Pakistan to Look at Including Afghanistan in \$57 Billion Economic Corridor", Reuters, 26 December 2017 at <https://www.reuters.com/article/china-pakistan-afghanistan-idINKBN1EK0EQ/> (Accessed on 22 September 2023).

²⁷² Ibid.

²⁷³ "India's expanding trade ties a strategy to counterbalance CPEC: Chinese Daily," *The Dawn*, 26 June 2017 at <https://www.dawn.com/news/1341911> (Accessed on 22 September 2023).

²⁷⁴ "India takes over operations of part of Chabahar Port in Iran", Press Information Bureau, 7 January 2019 at <https://pib.gov.in/Pressreleaseshare.aspx?PRID=1558896> (Accessed on 4 October 2023).

use.²⁷⁵ However, Washington maintained that it would extend the exemption so long as Iran's IRGC, which had been put on the US State Department's list of Foreign Terrorist Organisations in April 2019, did not participate in the project.²⁷⁶ Tehran's insistence that Khatam-al Anbiya Construction Headquarters, the engineering arm of the IRGC, be entrusted with the civil work for the Chabahar-Zahedan railway line made New Delhi circumspect about its role in the project.²⁷⁷ Subsequently, citing delays from the Indian side, Iran decided to go alone on the railway line. In May 2019, then-Iranian Foreign Minister Zarif, during a visit to Pakistan, proposed to connect the Chabahar Port with the Gwadar Port, in effect also proposing to link with the CPEC.²⁷⁸ Given India's principled opposition to the CPEC, which runs through Gilgit-Baltistan in Pakistan-Occupied Kashmir, violating Indian sovereignty, Zarif's proposal was widely seen as a response to India's compliance with the US sanctions by stopping crude imports from Iran.

Iran has followed a policy of pragmatic engagement with the Taliban after it returned to power by overthrowing the West-supported government in August 2021. India took a wait-and-watch approach. The uncertainty surrounding the future of India's development cooperation with Afghanistan also raised questions about Chabahar's

²⁷⁵ "India gets US waiver for development of strategic Chabahar Port in Iran", *The Indian Express*, 8 November 2018 at <https://indianexpress.com/article/world/india-gets-us-waiver-for-development-of-strategic-chabahar-port-in-iran-5437066/> (Accessed on 3 March 2025).

²⁷⁶ Lalit K. Jha, "US grants India 'narrow exemption' from sanctions to continue Chabahar port development in Iran", *The Print*, 19 December 2019 at <https://theprint.in/diplomacy/us-grants-india-narrow-exemption-from-sanctions-to-continue-chabahar-port-development-in-iran/337733/> (Accessed on 24 September 2021).

²⁷⁷ Geeta Mohan, "Real reason why India sits out of Iran's Chabahar-Zahedan rail link project", *India Today*, 21 July 2021 at <https://www.indiatoday.in/india/story/iran-chabahar-zahedan-rail-link-project-india-1702928-2020-07-21> (Accessed on 4 October 2021).

²⁷⁸ Anirban Bhaumik, "Iran goes to Pakistan with Chabahar link plan," *Deccan Herald*, 28 May 2019 at <https://bit.ly/4710A6V>. (Accessed on 3 October 2023).

utility in facilitating India's access to Afghanistan. However, amidst worsening humanitarian conditions in Afghanistan, India has continued to use Chabahar to send wheat and humanitarian assistance to Afghanistan in partnership with the UN World Food Programme.²⁷⁹ Though India had sought the inclusion of Chabahar and Afghanistan in INSTC, it had to recalibrate its efforts following the changes in Afghanistan.²⁸⁰ The Iranian section of the eastern branch of the trade corridor runs from Chabahar to Sarakhs on the Iran-Turkmenistan border. At the third meeting of the India-Central Asia Dialogue at the level of foreign ministers, organised virtually in December 2021, participants emphasised the optimum usage of the INSTC and the Ashgabat Agreement to enhance connectivity between India and the Central Asian countries. They welcomed India's proposal to include Chabahar Port within INSTC's framework.

India's efforts to operationalise the Port have also been delayed because of the debilitating effects of the US sanctions on Iran. In 2021, India was forced to change its plans to erect four new rail-mounted quay cranes (RMQCs) or ship-to-shore cranes at Chabahar after no crane maker showed interest in India's tender. However, India delivered two tranches of Mobile Harbour Cranes of 100 tonnes capacity each, manufactured by Italy's Italgru S.r.l in January and March of that year.²⁸¹ Following significant improvements in the cargo-handling capacity,

²⁷⁹ Madhu Kapparath, "India sends food aid to Afghanistan on humanitarian grounds, upon Taliban's request," *Forbes India*, 13 June 2023 at <https://www.forbesindia.com/article/news/india-sends-food-aid-to-afghanistan-on-humanitarian-grounds-upon-talibans-request/85659/1> (Accessed on 15 June 2024).

²⁸⁰ "India for inclusion of Chabahar Port in INSTC route, says Jaishankar", *The Indian Express*, 5 March 2021 at <https://indianexpress.com/article/india/india-for-inclusion-of-chabahar-port-in-instc-route-says-jaishankar-7214826/> (Accessed on 3 March 2025).

²⁸¹ P. Manoi, "Sanctions Affect Tender, Chabahar Port Crane Tender Finds No Takers Due to Sanctions", *The Hindu Business Line*, 20 June 2023 at <https://www.thehindubusinessline.com/economy/logistics/chabahar-port-crane-tender-finds-no-takers-due-to-sanctions/article34864135.ece> (Accessed on 19 June 2024).

Indian operations at the Port were declared commercially viable in 2023, paving the way for serious discussions towards reaching a long-term contract. In May 2024, India and Iran signed a 10-year bilateral contract concerning the operations of Chabahar Port. Under the agreement, Indian port operator IPGL will invest \$120 million, an increase from the previously committed investment of \$ 85 million, towards the purchase of Port equipment, and a credit line of \$250 million equivalent for projects aimed at Chabahar-related infrastructure.²⁸² Iranian Minister of Roads and Urban Development Mehrdad Bazrpash stated that there has been a direct line of container shipping between Iran, India and China since March 2024 and that there are plans to launch an Iran-India joint shipping company.²⁸³ He further noted that with the completion of the Chabahar-Zahedan railway section, Chabahar will play a strategic role in the eastern branch of the INSTC.

Despite numerous challenges, the signing of the main contract on India's operation of Chabahar is a critical development, highlighting that both India and Iran see mutual strategic value in forging a long-term partnership. It also underscores India's delicate balancing between Iran and the United States. Further, the new momentum in Iran's relations with its neighbours in Central Asia and the Persian Gulf augurs well for the development of Chabahar as a transshipment hub between Central and South Asia and Southeast Asia. Iran seeks to diversify its relations in Asia. President Raisi's visit to Indonesia and Sri Lanka in April 2024 is a case in point.

However, Iran sees India's leading role in the India-Middle East-Europe Economic Corridor (IMEC), with concern for its own transit role in

²⁸² "India signs deal with Iran to run Chabahar Port, *The Economic Times*, 14 May 2024 at <https://economictimes.indiatimes.com/industry/transportation/shipping/-transport/india-signs-deal-with-iran-to-run-chabahar-port/articleshow/110093949.cms?from=mdr> (Accessed on 12 June 2024).

²⁸³ "Iran, India to launch joint shipping company", Mehr News Agency, 3 May 2024 at <https://en.mehrnews.com/news/215085/Iran-India-to-launch-joint-shipping-company> (Accessed on 14 June 2024).

India's connectivity with Eurasia. The transit corridor also bypasses the Strait of Hormuz, thus reducing the significance of Iran's geopolitical advantage over the crucial choke point. Further, by facilitating Israel's integration with the broader region, it undermines Iran's wider regional objectives. Tehran views India's involvement in regional connectivity and strategic cooperation initiatives with Israel and the United States as a move towards soft-balancing Iran's regional influence. As the project delays due to the Israel-Gaza conflict, Iran emphasises realising Chabahar's role in trans-regional connectivity by engaging India, Russia, and neighbouring countries in Central Asia and the South Caucasus.

INDIA-IRAN-ARMENIA TRILATERAL COOPERATION

In parallel to the INSTC, India and Iran have found convergence in advancing trade and connectivity with Armenia in the South Caucasus. Armenia's long-time rival, Azerbaijan, in addition to its close ties with Turkey, has deep security ties with Pakistan, which has the distinction of being the only country that does not recognise the State of Armenia. Turkey, Pakistan and Azerbaijan have long extended rhetorical and political support to each other in international fora regarding their territorial claims in Cyprus, Jammu and Kashmir and Nagorno-Karabakh, respectively. In recent years, they have strengthened their cooperation in a trilateral format. In July 2021, the three countries signed a 'strategic partnership' document, the 'Baku Declaration', which was the culmination of the process that started in 2017 when Azerbaijan's then-Foreign Minister, Elmar Mammadyarov, held the first trilateral meeting with his Turkish and Pakistani counterparts in Baku.²⁸⁴ In September 2021, Special Forces from Turkey, Azerbaijan and Pakistan conducted their first trilateral military exercise, 'Three-Brothers-2021', in Baku.²⁸⁵

²⁸⁴ "Azerbaijan Boosts Trilateral Cooperation with Pakistan and Turkey", The Jamestown Foundation, 16 August 2021 at <https://jamestown.org/program/azerbaijan-boosts-trilateral-cooperation-with-pakistan-and-turkey>, (Accessed on 5 October 2021).

²⁸⁵ Baku hosts first ever joint military training for Azerbaijani, Turkish and Pakistani Forces, *The Caspian News*, 16 September 2021 at <https://caspiannews.com/news-detail/baku-hosts-first-ever-joint-military-training-for-azerbaijani-turkish-and-pakistani-forces-2021-9-13-1/>, (Accessed on 5 October 2023).

Iran sees Armenia as a bulwark against Turkey's influence on its northern borders and has made a common cause with Armenia in courting deeper Indian involvement in the South Caucasus. At the peak of the war in October 2020, reports emerged that Turkey and Pakistan were sending 'jihadist mercenaries', earlier deployed in Syria, to fight alongside Azerbaijan's army. Most notably, speaking to an Indian news channel, Armenia's Deputy Foreign Minister Avet Adont remarked that, "many media houses are reporting that Pakistani fighters have left Pakistan, and again via Turkey, they have reached Azerbaijan to join the mercenaries operating in Azerbaijan."²⁸⁶ As a triumphant Baku, supported by Turkey, insisting on opening the so-called Zangezur Corridor, Tehran and Yerevan increased their outreach to New Delhi. This is especially true after Russia, following its invasion of Ukraine, adopted a more accommodating approach toward Turkey and Azerbaijan. Russia's growing reliance on Azerbaijan and Turkey for east-west transit and Armenia's tilt toward Europe, has led Moscow to support the Zangezur Corridor within the framework of the Russia-brokered ceasefire agreement. Similarly, China's focus on finding an alternative to the Eurasian land bridge via Russian territory means it prefers to partner with Azerbaijan and Turkey in the 'Middle Corridor' and therefore does not oppose the Zangezur Corridor.

The first India-Iran-Armenia trilateral consultation was held in Yerevan in April 2023.²⁸⁷ The discussions focused on furthering cooperation in the military-technical sector and trade and transit.²⁸⁸ Iran is keen to

²⁸⁶ Armenia-Azerbaijan ceasefire fails again, thanks to Pakistan, Turkey, *Business Standard*, 19 October 2020 at https://www.business-standard.com/article/international/armenia-azerbaijan-ceasefire-fails-again-thanks-to-pakistan-turkey-120101901246_1.html (Accessed on 5 October 2021).

²⁸⁷ Dipanjan Roy Chaudhury, "India- Iran- Armenia launch trilateral to create corridor to Russia and Europe", *The Economic Times*, 22 April 2023 at <https://m.economictimes.com/news/international/world-news/india-iran-armenia-launch-trilateral-to-create-corridor-to-russia-europe/articleshow/99676474.cms>, (Accessed on 15 June 2024).

²⁸⁸ "Armenia hosts first trilateral meeting with Iranian and Indian officials", *Tehran Times*, 23 April 2023 at <https://www.tehrantimes.com/news/483916/Armenia-hosts-first-trilateral-meeting-with-Iranian-and-Indian>, (Accessed on 13 June 2024).

enhance Armenia's participation in international transport routes passing through Iranian territory. It looks at Armenia as a key gateway to the EAEU, with which Iran signed a Free Trade Agreement in December 2023. Armenia, for its part, is seeking greater access to India and the Persian Gulf countries within the framework of the "Crossroads of Peace" project. In June 2024, Armenian Deputy Foreign Minister Vahan Kostanyan noted in the National Assembly that, "as for the Chabahar port integration project, at the moment, this issue has moved to a practical stage."²⁸⁹ He stated that Armenia attaches great importance to its participation in the Chabahar project, and a Working Group headed by the Minister of Economy is undertaking studies on practical issues such as whether Armenia needs a separate customs post in Chabahar or whether it is worth using the existing Indian one. After India and Iran signed a 10-year bilateral contract concerning the operations at Chabahar Port in May 2024, a key goal for India is to advance its broader connectivity with Eurasia beyond Iran. Undoubtedly, India has an interest in diversifying the Western branch of the INSTC, which is now routed through Azerbaijan.

INDIA-IRAN TIES IN THE CONTEXT OF THE EMERGING EURASIAN GEOPOLITICS

In the context of a growing Chinese economic presence and diplomatic activism in the Middle East, India is deepening ties with the US allies in the Persian Gulf and beyond. Especially after the US-brokered Abraham Accords, which normalised relations between Israel and the UAE, Bahrain and several other Arab countries, India and the United States have joined several plurilateral frameworks for fostering mutually beneficial relationships of interdependence, advancing regional connectivity and supporting regional States 'balancing act between Washington and Beijing. To allay fears among its regional allies about

²⁸⁹ "Foreign Ministry: Armenia is at the practical stage of joining the Chabahar port project", *NEWS.AM*, 4 June 2024 at Foreign Ministry: Armenia is at the practical stage of joining the Chabahar port project (Accessed on 21 June 2024).

the US disengagement from the region, the Biden administration's strategy was to foster the integration of its "unrivalled network of allies and partners" from the Middle East and the Indo-Pacific. The I2U2, a cooperative framework involving India, Israel, the UAE, and the US, seeks to facilitate the integration of Israel with the broader region and provides an opportunity for India to forge mutually beneficial geo-economic connections across the Gulf and the Mediterranean sub-regions.

India's growing alignment with the US and its allies in strengthening regional capabilities and addressing shared non-traditional security challenges marks a transformational development in India's West Asia policy. At the same time, India's growing alignment with the US and the Middle East has raised concerns about India's independent strategic vision of the region and how it might impact India's ties with Iran. Notably, Indian officials have been careful to distinguish primarily economic objectives of the I2U2 from the Quad in the Indo-Pacific. As India gears to play a more significant role in Eurasian geopolitics by deepening engagement with both the European Union and Russia, the Persian Gulf sub-region has emerged as India's gateway, as underlined by two trans-regional connectivity projects, the INSTC and IMEC. However, the IMEC, which circumvents the choke point of the Strait of Hormuz, will significantly reduce Iran's geopolitical leverage and has therefore caused alarm in Tehran. While Iran and India have their respective interests and approaches to connectivity, both countries will continue to be partners in shaping Eurasian connectivity in a multipolar format.

The challenge for India and Iran is to help each other understand the driving factors behind their growing alignment with the US and China, respectively. Beyond the apparent differences in their strategic choices of aligning with rival great powers, the two countries seek to preserve their strategic autonomy and see themselves as geopolitical actors in their own right. India's refusal to join Western sanctions on Russia has been greatly appreciated in Tehran, which underscored India's independent, if multi-aligned, approach to relations with competing great powers. They both prefer a non-hegemonic, multilateral security and economic architecture in Asia. Iran's signing of a 25-year strategic cooperation agreement with China in March 2021, its growing military

cooperation with Russia since their coordinated military involvement in Syria, and its supply of drones to Russia used in the war with Ukraine have fuelled discussions of a 'Russia-China-Iran axis' in strategic circles in the West and also in India.²⁹⁰ A closer analysis of Iran's Asia policy reveals Tehran's approach of simultaneously strengthening geo-economic ties with China, Russia and India. In doing so, Iran hopes to consolidate its status as an independent regional power not beholden to a particular great power. Iran also shares India's concern about Chinese geo-economic power in Central Asia, given that Chinese dominance over the region's energy markets and connectivity projects to Europe via Central Asia and Russia has negatively affected Iran's position.²⁹¹ While Pakistan and China seek to limit India's access to Central Asia, Iran's 'gateway' role is premised on deepening connectivity partnership with India. Iran's strategy of positioning itself as a bridge will allow it to achieve a more geo-economically balanced Eurasia, while also helping navigate the potential scenario of a multipolar rivalry among various regional actors.

²⁹⁰ Stephen Blank, "The Emerging Russo-Iranian Entente", The Jamestown Foundation, 19 December 2022 at <https://jamestown.org/program/the-emerging-russo-iranian-entente/> (Accessed on 6 October 2023); Mercy A. Kuo, "The China-Iran-Russia Triangle: Alternative World Order?", *The Diplomat*, 7 July 2022 at <https://thediplomat.com/2022/07/the-china-iran-russia-triangle-alternative-world-order/> (Accessed on 22 September 2023); R.P. Rajgopalan, 'What's in the growing Russia-China-Iran trilateral convergence?', *The Diplomat*, 23 December 2019 at <https://thediplomat.com/2019/12/whats-in-the-growing-russia-china-iran-trilateral-convergence/> (Accessed on 20 September 2023).

²⁹¹ Shariatinia Mohsen and Azizi Hamidreza, "Iran and the Belt and Road Initiative: Amid Hope and Fear", *Journal of Contemporary China*, 28 (120), 2019, pp. 984-994.

²⁹² E. L. Frost, "Rival Regionalisms and Regional Order: A Slow Crisis of Legitimacy." *NBR Special Report* No. 48, National Bureau of Asian Research, Seattle, 2014 at https://www.nbr.org/wp-content/uploads/pdfs/publications/special_report_48_regional_architecture_december2014.pdf (Accessed on 22 June 2024).

CONCLUSION

Iran's turn to the 'Look East' strategy under President Rouhani and then President Raisi has been most visible in the signing of long-term strategic partnership agreements with China and Russia. While resisting Western pressure remains an important driver, Iran's 'Eurasia vector' has been increasingly framed as a geo-economic strategy of participating in the Eurasian integration process, where Russia and China play key roles. Iran's convergence with Russia and China-led initiatives such as the Eurasian Union and the SCO is based on its assessment that Beijing and Moscow, by asserting their leadership through multilateral and regional arrangements and fostering greater economic integration in Eurasia, will limit the US power and influence in Iran's Asian neighbourhood. These initiatives fall into the 'rival regionalism' category for providing "an alternative to the US and Western leadership by creating or revitalising non-Western organisations."²⁹² Iran sees a plurality of integration and connectivity initiatives as conducive to the emergence of a horizontal, de-centred and multipolar order in Asia. At a time of systemic and regional-level transition, Iran's embrace of multilateralism, through membership in the SCO and the BRICS, can be seen as joining the Chinese and Russian efforts to contest and create alternatives to the US-led liberal international order.²⁹³

It is important to note that other key West Asian States, such as Saudi Arabia, the UAE, Egypt and Ethiopia, have been invited to join BRICS. Saudi Arabia, the UAE, and Turkey are dialogue partners of the SCO. In other words, Iran is not alone in deepening ties with China and Russia and seeking memberships in the non-Western institutional

²⁹³ Jiandong Yuan, "Forging a New Security Order in Eurasia: China, the SCO, and the Impacts on Regional Governance", *Chinese Political Science Review*, 8, 2023, pp. 432-433.

frameworks, to position itself better in the emerging multipolar world order. Hence, Iran can claim no special place in the geopolitical and geo-economic vision of China and Russia, which has a variety of willing partners to work with in West Asia. In other words, Iran cannot count on its strategic partnerships with Russia and China to improve its relative position vis-à-vis its neighbours in the Persian Gulf.

Iran's support for regionalism and continent-wide integration in Asia is at the intersection of its global and regional strategy. In the Eurasian geopolitical landscape, where local powers are also engaged in a complex dynamic of cooperation and competition, Iran's discourse of regional multilateralism emphasises a collective approach by regional actors. This emphasis on multilateralism allows Iran to claim an active role in addressing regional security issues ranging from Afghanistan to the Armenia-Azerbaijan conflict in the Caucasus. At the same time, Iran seeks to maintain its freedom of action and flexibility to engage in different frameworks with a diverse set of actors. For instance, though not explicitly stated as such, Iran's engagement of India in Afghanistan, Central Asia and the Caucasus balances the influence of Pakistan, Turkey, and China.

Under the Raisi government, which delinked Iran's economic policies from the revival of the nuclear agreement, there has been a dedicated focus on the transit sector, namely, attracting international corridors to Iran. From Tehran's perspective, as the economic centre of gravity shifts from the West to the East and there is an emergence of intra-Asian or Eurasian dynamic in trade and value chains, Eastern countries are spearheading new trade and transport corridors. In this context, the Persian Gulf sub-region and broader West Asia have emerged as crossroads in Asia-Europe connectivity. Still, Iran has struggled to bridge the gap between its ambitions and the reality of its transit role. According to a study by the Islamic Parliament Research Center of Iran, the country's annual transit capacity is at least 80 million tonnes. Still, only 5.3 million tonnes of goods went through the country in 2020.²⁹⁴ Iran's

²⁹⁴ "Iran and the battle of economic corridors", PressTV, 2 November 2023 at [https://www.presstv.ir/Detail/2023/11/02/713888/Iran-transit-routes-North-South-Corridor-China-BRI-\(Accessed on 1 August 2024\).](https://www.presstv.ir/Detail/2023/11/02/713888/Iran-transit-routes-North-South-Corridor-China-BRI-(Accessed on 1 August 2024).)

active engagement of Russia and India within the INSTC and Chabahar Port, and efforts to re-engage China on crucial rail development projects, suggest that Iranian companies, by working alongside Russian, Chinese and Indian enterprises, hope to secure all necessary equipment and technologies for enhancing its transit capacities. Iran has mobilised its domestic resources in several projects to improve port capacity and rail and road infrastructure, such as the strategic Chabahar-Zahedan railway line, smart transportation terminals, and most importantly, the modernisation of the transportation fleet.

The benefits available to the economy of a transit country depend on how well international transport corridors are integrated with regional and national logistics infrastructure.²⁹⁵ Therefore, Iran's projection of itself as the "bridge" between BRI routes and the INSTC is seen as an interest-driven policy focused on maximising Iran's transit potential by integrating various infrastructure and economic corridors. It can also be viewed as Iran's effort to navigate the complexities of geo-economic competition inherent in these projects. Raisi, in his first address at the SCO summit in Dushanbe in 2021, described Iran as the link between three major infrastructure initiatives; he did so within a broader vision of peace and development through cooperation and coordination among the region's key countries.²⁹⁶ Despite Iran's unique location favouring a leading transit role and revenue, continued Western sanctions resulting in the isolation of the Iranian economy and Iran's entanglements in regional conflicts have led key Asian players, China and India, to seek multiple routes for their Asia-Europe connectivity. Iran's limited trade and investment links with Europe, along with the lack of Free Trade Agreements with major economies or regional groups,

²⁹⁵ "International Transport Corridors in Eurasian Space: Development of Latitudinal Routes", Eurasian Rail Alliance Index, October 2020 at https://index1520.com/upload/medialibrary/eec/_-_-EN.pdf , (Accessed on 12 August 2024).

²⁹⁶ "President Raisi addressing 21st SCO Summit," Ministry of Foreign Affairs, Islamic Republic of Iran, 17 September 2021 at <https://en.mfa.ir/portal/NewsView/652104/President-Raisi-addressing-21st-SCO-SummitSCO-can-turn-into-a-driving-force-for-global-multilateralism>, (Accessed on 12 August 2024).

significantly restrict its capacity to compete with Turkey and the Gulf States in serving as a transit hub for Asia-European trade. Two prominent trade corridors, the 'Middle Corridor' and the India–Middle East–Europe Economic Corridor, exclude Iran.

Similarly, despite the hyperbole created around its 25-year deal with China, Iran has failed to attract any significant investment from Beijing in strategic and emerging technologies or green energy. Iran's Gulf neighbours, on the other hand, have focused on strategies for economic diversification and technological advancement. They extensively cooperate with China in key sectors such as aerospace and digital technologies, including Artificial Intelligence and green energy. Many Chinese technological companies like Lenovo, Huawei and SenseTime, which are seeking to expand their operations in West Asia and North Africa, have chosen Saudi Arabia and the UAE to set up their regional headquarters.²⁹⁷ Further, as China seeks to play a role in the green energy sector in Central Asia, Gulf States are leveraging their Sovereign Wealth Funds and cooperation with China in the renewable energy sector, to seek a prominent role in the green energy domain in the region. Russia and Iran exercise influence in the fossil energy sector and regional energy infrastructure, but they are lagging behind China, the Gulf States and the EU in green transition.²⁹⁸

PERSISTENT CHALLENGES FACING IRAN'S 'LOOK EAST'

A crucial challenge Iran faces in pursuing a 'Look East' strategy comes from Iran's geopolitical tradition. The East-West vectors in Iranian geopolitical thinking are deeply linked to the traditional foreign policy principle of 'equilibrium', which is traced back to the early 19th-century era of the 'great game' between Tsarist Russia and the British Empire,

²⁹⁷ "China, Arab countries eye technology cooperation for high-quality development", *Global Times*, 29 May 2024 at <https://www.globaltimes.cn/page/202405/1313252.shtml> (Accessed on 13 October 2024).

²⁹⁸ Dawud Ansari et. al., "The Gulf States, China, and Central Asia's Green Energy Sector", *Stiftung Wissenschaft und Politik*, 22 January 2025 at <https://www.swp-berlin.org/publikation/the-gulf-states-china-and-central-asias-green-energy-sector>, (Accessed on 15 October 2024).

as crucial for ensuring Iran's national independence and interests.²⁹⁹ The negative/positive equilibrium principle has maintained its influence across Iran's various regimes and factional divides as the hallmark of a wise and independent foreign policy. The revolutionary slogan of 'neither East nor West, only Islamic Republic' advocated for a non-alignment approach during the Cold War. The 'Eastern pivot' or 'Look East' strategy involves strengthening ties with the East as a counterbalance to the West during periods of confrontation and diplomatic stalemate between Iran and Western countries. However, in a context where the West leverages its significant influence in international trade, financial institutions, and sanctions to sway other countries' dealings with Iran, perpetuating conflict with the United States limits Iran's options and creates dependencies that others can exploit. As Iran remains entangled in a security rivalry with Washington, it becomes more difficult for Iran to pursue a geo-economic foreign policy, as its neighbours and Asian nations remain cautious in engaging with Iran.

Iran's relations with Russia and China are deeply constrained by the inherent imbalance of regional power-great power relationship given the absence of a formal alliance. Iran aims for strategic ties with Russia and China, seeing them as counterweights to the United States both globally and in West Asia. However, Moscow and Beijing consider Iran within their broader geopolitical calculus, favouring a stable regional balance of power and often manoeuvring between local rivals while maintaining neutrality and overall balanced relations with various regional players. Such an approach does not favour long-term strategic ties with Iran but rather an interest-driven convergence. In other words, Iran's pursuit of strategic cooperation with Russia and China does little to address Iran's 'strategic loneliness', that is, the absence of allies based on a shared perception of threats and a commitment to mutual assistance. It also means that Beijing and Moscow, while manoeuvring between regional states according to their geopolitical and geo-

²⁹⁹ R.K. Ramazani, 'Iran's Foreign Policy: Contending Orientations,' *Middle East Journal*, 43 (2), 1989, p. 204.

economic interests, can take positions favouring Iran's regional rivals, with little regard for Iran's core interests. For example, after Russian President Vladimir Putin's first State visit to Azerbaijan in August 2024, Foreign Minister Sergei Lavrov accused Pashinyan of "sabotaging" the agreement concerning transport routes via Armenia's Syunik Province. Moscow's public support for the corridor renewed debates in Tehran about Russia's reliability as a strategic partner, especially as Iranian officials have repeatedly warned that a corridor threatening Iran's 44-km border with Armenia is a 'red line.'

Similarly, Iran's hopes that its revisionist approach to the Western-dominated regional and global system will make it a favoured partner in the Persian Gulf and the emerging Russian and Chinese-led institutional structures in Eurasia have not come to fruition. Unlike Iran, Russia and China have deep economic ties with the West. As permanent members of the UN Security Council, they seek to play a role in managing global affairs alongside key Western countries, including the United States. Iran, lacking options in the West, finds itself with reduced bargaining power when dealing with Russia and China. Therefore, efforts to deepen long-term ties with Eastern powers, such as the Iran-China 25-year cooperation agreement, face domestic criticism from rival factions for leading to the country's over-reliance or dependence on another country. In June 2020, after Rouhani's cabinet approved a preliminary draft of the 25-year cooperation plan to be presented to China, unconfirmed reports emerged in the international media about China receiving a 32 per cent discount in crude purchases along with a two-year payment break and \$400 billion in Chinese investment in Iran's oil, gas and transport sectors and Chinese control one of Iran's Persian Gulf islands. Though the 25-year comprehensive 'strategic partnership' signed in March 2021 was a 'roadmap' for bilateral ties, the long-drawn debates, both among political circles and the public, predictably focussed on issues that have acted as constraints on Iran's 'Eastern strategy', namely ideological principles of independence enshrined in Iran's Constitution, captured in the slogan, 'neither East nor West', and broader pessimism about serious relations with major powers in terms of dependence on foreign powers. Former President Mahmoud Ahmadinejad was the first to bring the issue into the public sphere as he denounced the Rouhani administration for "secretly signing a deal" with a foreign State, violating fundamental principles of the

Islamic Revolution that were meant to “withhold nothing from the nation”.³⁰⁰ It did not help that the contents of the ‘deal’ were not revealed but only ‘leaked to the public realm. Also, there were demands for its ratification by the Parliament.³⁰¹

During the snap presidential election, held in June 2024 following the death of Iranian President Ibrahim Raisi in a helicopter crash, reformist candidate Massoud Pezeshkian invoked the principle of ‘equilibrium’ to criticise the ‘Look East’ strategy supported by his conservative rivals as the “single-option approach.” Pezeshkian argued that “neither should the Eastern powers think they are our only option, nor the Westerners.” He maintained during the presidential debates that unless Iran can overcome its isolation from the international economy through a negotiated solution leading to the lifting of sanctions and the implementation of global financial standards set by the FATF, it will not be able to attract the desired levels of trade and investment from China and other Asian countries, which are the targets of the ‘Look East’ strategy.

The reformists and moderates view an Asia-oriented policy of strengthening ties with China and Russia not as a substitute but as a complement to constructive relations with the West. This also reflects the perspective of their middle-class constituency, which seeks greater cultural and political freedoms to bolster the democratic dimension of the Iranian polity. From their point of view, the securitisation of relations with the West and the deepening of ties with Russia and China have profound negative implications. Iran’s isolation from the West leads the ruling elites to perceive popular unrest as being orchestrated

³⁰⁰ “Iran government squeezed over ‘secretive’ deal with China”, *Al-Monitor*, 10 July 2020 at <https://www.al-monitor.com/originals/2020/07/iran-government-rouhani-secretive-deal-china.html> (Accessed on 22 July 2024).

³⁰¹ “Iran ‘implements’ 25-year deal with China amid scepticism at home”, *Amwaj Media*, 18 January 2022 at <https://amwaj.media/media-monitor/iran-implements-25-year-deal-with-china-amid-skepticism-at-home> (Accessed on 22 July 2024).

by the West as a 'soft war,' the work of 'terrorists,' or a colour revolution, resonating with narratives in Moscow and Beijing. The crackdown by security forces and policies, such as establishing a 'national internet' or National Information Network modelled on the intranets of Russia and China, fuel social paranoia about deepening relations with these countries as driven by 'authoritarian solidarity.'

There are already indications that under Pezeshkian, Iran will seek support from Asian powers and the West. While linking diplomacy with the West to securing people's livelihoods and projecting a positive image for Iran, he said that "diplomacy and negotiation do not amount to humiliation." At the same time, he referenced Supreme Leader Khamenei to support his case for negotiations with the West based on "dignity, wisdom and expediency." Ultimately, the US approach towards Iran's nuclear program and regional activities will determine whether Iran can pursue a balanced foreign policy or if it will need to focus on an Asian orientation.

This monograph attempts to analyse Iran's Look East strategy, which became the macro framework of Iran's foreign policy after the US withdrawal from the nuclear deal in 2018 and more effectively under President Ebrahim Raisi. It delves into various geopolitical and economic drivers of Iran's pursuit of long-term partnerships with China and Russia. It seeks to understand how Iran's regional policy is responding to the new geopolitical dynamics in Central Asia and the Caucasus following the US withdrawal from Afghanistan, Russia's invasion of Ukraine and Azerbaijan's victory in the second Nagorno-Karabakh war. It also examines the problems and prospects in India-Iran ties, especially in the context of Iran's Look East strategy.

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