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# Iran Is Double-Edged Sword for Russia

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Russia was a staunch supporter of Iran during the many years the Western world considered the Islamic republic a "rogue state" and the U.S. applied sanctions against it. Moscow contributed to and welcomed the historic "nuclear deal" reached in Vienna on July 14. Just days ago, Russia and Iran declared a unified position concerning the seemingly intractable crisis in Syria, thus putting the U.S. and other member states of the anti-Islamic State coalition in an awkward position on the eve of the recent United Nations General Assembly session.

However, Moscow's cooperation with Tehran seems strange, primarily because Russia's political interests in this regard are almost completely at odds with many of its economic interests.

From the political point of view, strengthening contacts with Iran enables Russia to, first of all, demonstrate its well-known solidarity with countries that have found themselves out of favor with the West at one time or another; second, assert the right of peoples to choose their own special path of national development; and third, defend Syria's "sovereignty," thereby showing its opponents that there are forces capable of helping countries withstand

the onslaught of "imported revolutions."

However, all of these political motives bring Moscow few direct benefits.

They contribute to Moscow's feeling of global importance, further pumped up by Iran's numerous promises to join the Shanghai Cooperation Organization and cooperate with the Eurasian Economic Union.

From the economic point of view, things look very different.

The "nuclear deal" will gradually lead to the lifting of sanctions that have been in place since 1979, opening up a number of opportunities for Iran.

This will undoubtedly be advantageous for Russia in some respects, in particular the oil-for-goods deal and possible missile systems sales, but the opening up of Iran will present several difficulties for Russia in the long-term.

The first concerns oil exports — expected to reach at least 1 million barrels per day by late 2015 or early 2016 — and possible gas exports in the future. Iran has more than enough of both: 157.3 billion barrels and 33.8 trillion cubic meters respectively.

Analysts estimate that Iran will need up to $200 billion in investments and three or four years of effort to resume exporting oil at its pre-sanction levels of 2.4 million barrels per day.

However, the oil market relies heavily on expectations, and prices apparently fell so dramatically in August in part due to anticipation of Iran's renewed exports.

What's more, given the low prices and relatively limited availability of oil reserves with cheap production costs elsewhere, Western companies will be ready to invest heavily in Iran's oil industry.

Does Russia really need such a competitor in such a vital industry?

In addition, Russia's economic relations with Iran developed fairly rapidly in recent decades not in spite of, but because of those sanctions. It was because Iran was artificially restricted in its choice of partners that it often relied on Russia.

And no sooner had Iran's relations with the West begun to thaw than Tehran announced plans to buy at least 90 Boeing and Airbus passenger planes.

Did Russia's current and past leaders fully account for the possibility of sanctions on Iran eventually being lifted, leading to the country seeking increased economic cooperation with the West when they built the framework for such active competition on a market where, only a few years ago, they held a virtual monopoly?

Finally, and perhaps most importantly, Iran — with its unique position as a transit state — is capable of disrupting a number of Russia's geopolitical plans. Russian leaders have spoken a great deal lately about integration with Eurasia and tying in to China's new Silk Road Economic Belt project.

In fact, the historic Silk Road did not extend through northern Kazakhstan and the Volga region, but across the southern shore of the Caspian Sea. I think Iran will now begin establishing relations with the West and with China — and its potential as a transit state cannot but become a major factor in those dealings.

China, which had signed a 30-year cooperation agreement with Iran even while it was subjected to sanctions, has already announced its readiness to increase mutual trade with Tehran to as much as $100 billion annually. Russia's annual trade with Iran remains a small fraction of that amount.

Of course, "Saving Private Assad" might strike the Kremlin as an extremely important mission at the moment, one that can distract the West from the deeply unresolved conflict in Ukraine.

Similarly, Moscow's cooperation with Iran and other major countries in the region has the potential to boost Russia's global standing.

However, it seems very likely that the regime of Syrian President Bashar Assad is already on its last legs and that Washington will deliberately outdo whatever offers Moscow might make to entice Iran into continued cooperation.

If that happens — and it very likely will — then the many years of Moscow's courtship with Tehran will have only resulted in creating a major rival in the energy and transit sectors, both of absolutely vital importance to Russia.

Was it worth it for Russia to be such a good friend to Iran for so many years?

I think Kremlin leaders will despairingly ask themselves this question more than once in the coming years.

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*The views expressed in opinion pieces do not necessarily reflect the position of The Moscow Times.*

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