



A Paradigm Shift For The Russian-Iranian Alliance

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The longstanding strategic partnership between Moscow and Tehran is changing. In recent days, the Kremlin and Iran's clerical regime reportedly agreed to deepen their cooperation in a number of ways. The understandings, concluded during Russian Deputy Prime Minister Alexander Novak's most recent state visit to Iran, are said to include plans for new energy swaps and the establishment of a transportation and logistics hub to facilitate trade between the two countries. These are arrangements in which, by all indications, Iran will serve as the senior partner while Russia plays the role of supplicant.

That amounts to a monumental role reversal. For decades, Russia has been a key enabler for the Islamic Republic, using its international standing to lessen the Iranian regime's global isolation and reduce the effectiveness of Western sanctions. For just as long, officials in Washington have held out hope that it might be possible to somehow "flip" Moscow and make it a constructive partner in their ongoing efforts to constrain the Islamic Republic.

But Russia's military offensive in Ukraine, and the resulting raft of Western sanctions that have been leveled against the Kremlin since this spring, have inverted this equation. Today, it is Russia that is increasingly becoming an international pariah. Already, the country's stock market has shrunk dramatically, nearly 1,000 companies have suspended their business there, and decades of post-Cold War economic progress have been erased.

The aggregate result is a national decline of massive proportions. "It comes to something like \$1.4 trillion of impact on Russia... about \$8,000 per head of the Russian population," economic strategist Tim Ash told *NPR* earlier this month. It is also a decline that is bound to be protracted, because – as Ash points out – we are now seeing "less investment, less growth, lower living standards, probably a brain drain, higher inflation and an overall undermining of Russia's productive capacity." In other words, in spite of the Russian government's official bluster to the contrary, its new war has fundamentally altered the Russian economic condition – and, by extension, its global profile.

Iran, meanwhile, is on an upward trajectory, in both strategic and political terms, thanks in no small measure to U.S. policy. For over a year now, the Biden administration has worked diligently to revive the 2015 nuclear deal with Iran. In the process, it has offered significant sweeteners to Tehran (including relaxing the enforcement of existing sanctions) in an effort to coax Iran's ayatollahs back to the negotiating table. Today, Administration officials say the likelihood of a new agreement with Iran is "tenuous." But there are nonetheless many who expect that some sort of deal will still materialize.

If it does, it would be an economic boon for Tehran. In recent testimony before the Senate, Mark Dubowitz of the Foundation for Defense of Democracies laid out the scope of the financial benefits the Iranian regime can expect if a new agreement is indeed concluded. Within a year of such a deal being signed, he projected, "Tehran will receive a financial package worth up to \$275 billion... [and] over the next five years, Iran could receive as much as \$800 billion in sanctions relief."

But even if a new agreement isn't reached, the Biden administration is unlikely to return to the "maximum pressure" policy of its predecessor. Having railed against the extensive sanctions of the Trump era as a failed policy, the United States can be expected to try and influence Iran's nuclear ambitions and regional misbehavior through inducements rather than penalties, at least while the current Administration remains in power in Washington. That, in turn, will mean more funds flowing into Iranian coffers – and a diminished appetite for renewed economic pressure on the part of the United States.

Officials in both Tehran and Moscow understand this reality very well, and it provides the backdrop for the new strategic and economic arrangements hammered out between the two capitals in recent days. They are plans that reflect Iran's rising global clout, and Russia's waning world influence.