



Iran's Eurasian Adventure

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As expected, last summer's nuclear deal is already shaping up to be an economic boon for Iran. From stepped-up post-sanctions trade with countries in Europe and Asia to newfound access to some \$100 billion in previously escrowed oil revenue, the agreement (formally known as the Joint Comprehensive Plan of Action, or JCPOA) has put the country on the path toward a sustained national recovery.

But it has also done much more. As Iran's economic horizons have expanded, so have its global ambitions. The Middle East is already feeling the ramifications. There, Tehran has assumed an increasingly aggressive, adventurist foreign policy in recent months, including expanded intervention in Syria and Yemen. Tehran's designs don't stop there; the ayatollahs are now busy expanding their regime's strategic presence in a variety of other global theaters - and Eurasia is prominent among them.

FRESH CONTACTS IN THE CAUCASUS

Tehran, seeing the region as a hedge against international isolation, has long angled for a larger role in the so-called post-Soviet space. For years, however, Iran's international pariah status - and wariness on the part of nations in the region about getting on the wrong side of the United States and Europe - has constrained its regional contacts. But now, unfettered from international sanctions, Iran is finding fresh opportunities.

Economically, the country is insinuating itself ever more deeply into the region's markets. Most conspicuously, it has made a diplomatic play to join key regional energy projects, such as the Trans-Anatolian gas pipeline (TANAP) that stretches from Azerbaijan to Turkey. The strategy, as officials in Tehran see it, is to link their country's massive natural gas reserves to European markets via the South Caucasus, which would help turn the Islamic Republic into an indispensable energy source for the eurozone.

As part of this effort, in recent weeks, Iran has launched fresh diplomatic talks with all three South Caucasus republics (Armenia, Azerbaijan, and Georgia) over energy arrangements that would make it a key player in other potential regional pipelines. Those negotiations are already bearing fruit. Iran and Azerbaijan are now on track to sign a raft of new economic cooperation accords later this month. Azerbaijan's regional rival, Armenia, is poised to boost its contacts with Iran as well. That country, which is part of the Eurasian Economic Union, is seeking to leverage its membership in the Moscow-dominated bloc to expand its trade ties with Tehran.

These moves reflect an emerging consensus in the South Caucasus that Iran, no longer isolated, could turn out to be an economic lifeline for the region's stagnant economies.

FROM MOSCOW, WITH LOVE

Meanwhile, Iran's relationship with its chief regional partner, Russia, is growing closer by the day. The strategic bonds between the two countries date back to the early 1990s, when Moscow, reeling from the Soviet collapse, sought - and acquired - a new strategic partner in Tehran. The two had been close during the latter part of the Cold War, but it was in the post-Cold War era that bilateral cooperation truly flourished in the form of arms (and eventually nuclear) cooperation, economic contacts, and shared anti-Americanism.

In the wake of the nuclear deal, Tehran and Moscow have drawn still closer. Since the signing of the JCPOA in July 2015, Tehran and Moscow have settled a protracted - and contentious - dispute over the delivery of S-300 missile batteries, paving the way for Iran to receive advanced Russian air defenses as early as this spring. They have also launched new talks on imports to Iran of Russian tank technology, as well as the co-production of Russia's advanced Su-30 fighter jet. Perhaps most significantly, they have finalized plans for Iranian military and defense purchases that are cumulatively worth an estimated \$8 billion.

For Iran, this expansion of ties is part of a larger strategic agenda. This past June, just two weeks before the formal conclusion of the JCPOA, Iranian Supreme Leader Ali Khamenei formally unveiled his government's Sixth Development Plan, which includes a nearly \$5 billion hike in the country's defense budget. If the plan is put into practice, Iran's national defense budget will stand at five percent of total GDP and make possible a massive, sustained military modernization program. And Russia looks to be the supplier of choice for this effort.

For Moscow, meanwhile, Iran has become an increasingly indispensable partner. Buffeted by ongoing Western sanctions and low oil prices, the Kremlin has come to view its partnership with Iran as far more of an asset in both an economic and a strategic sense. That is why Russian officials such as Defense Minister Sergei Shoigu have made it clear that they are eager for far deeper strategic cooperation with Iran as a way of confronting "common challenges and threats" in Syria and elsewhere.

SHANGHAI CALLING

Perhaps most significantly, Iran is now poised to become a full-fledged member of the region's most important security bloc, known as the Shanghai Cooperation Organization (SCO).

Established in 2001, the SCO is an outgrowth of the so-called "Shanghai Five" grouping that was launched in the 1990s with the purpose of strengthening the common security of its member states: China, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan. But both the membership and the mission of the SCO are substantially broader. Ostensibly, the goal of the new bloc, which now includes Uzbekistan, is to expand regional economic, cultural, and counterterrorism cooperation. The bloc's unstated purpose, however, is nothing less than the diminution of Western influence in the post-Soviet states.

Iran, too, has been a part of the bloc since 2005, when it - along with India, Mongolia, and Pakistan - was granted observer status. But deeper engagement, including full security coordination with (and security guarantees from) the bloc's members, has so far been proscribed by the organization's bylaws, which prohibit any country under United Nations sanctions from becoming a full member.

Now that those restrictions have been lifted, however, SCO officials are increasingly looking at Iran in a new light. "The organization wishes success to Iran in the finalization of efforts related to the nuclear program so that the essential legal procedures leading up to the lifting of sanctions were implemented as soon as possible," its Secretary General, Dmitry Mezentsev, has confirmed. "I'd like to believe the SCO will take up Iran's request for the status of a full member immediately after that."

Iranian officials, for their part, are eager for the opportunity. As one spokesman for Iran's Foreign Ministry has put it, "The lifting of sanctions opens for Iran the opportunity to become a member of the Shanghai Cooperation Organization and eliminates other limitations, which the Islamic Republic has been facing in the regional foreign policy."

In other words, Iran is now poised to become a part of an energy-rich alliance stretching from the Taiwan Strait to the Strait of Hormuz - a geopolitical grouping that has been likened to "an OPEC with bombs" - with all that this portends for regional security and Western interests there.

The significance behind all of Iran's moves is unmistakable. Tehran, previously constrained in the post-Soviet space, is emerging as an increasingly important player in it. And the nuclear deal, originally intended as a vehicle to curb Iran's strategic ambitions, has done the opposite, paving the way for the Islamic Republic to become Eurasia's newest power broker.

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