

## **CHAPTER II**

# **RELATIONS OF RUSSIA, SYRIA, IRAQ, IRAN BEFORE THE ALLIANCE**

In this chapter there is description about the relations among Russia, Syria, Iraq, and Iran before the alliance formation this chapter describes the relations in term of diplomatic relations and economic relations.

### **A. Russia-Syria Relations**

#### **1. Diplomatic Relations**

The indicator of diplomatic relations between Russia and Syria is an establishment of embassy office. The Embassy of Russia for Syria was established in Damascus 1946 at that time the state still under USSR and after the fall of USSR in 1991 the embassy became de facto embassy for Russia. The embassy of Syria for Russia was established in Moscow at the same time as the establishment of embassy of Russia for Syria. With the establishment of embassy in both states the diplomatic relationship between Russia and Syria can be conduct easier with the information related to each state can be send and received faster. One of the function from the establishment of embassy is both state can discuss their plans in their cooperation of political or economic affair and the discussion can be resulted in the form of agreement and cooperation.

The early form of cooperation between Russia and Syria is a Treaty of Friendship and Cooperation was signed by Syria and the Soviet Union on 8 October 1980. The treaty runs for twenty years and has automatic five-year extensions unless one of the parties terminates the treaty. It offers for periodic consultations on problems of concern, bilateral and multilateral, coordination of reactions in the case of a crisis (Allison, 2013).

Moscow and Damascus can bond with a pluralistic emphasis on territorial sovereignty and the repudiation of regime change that is externally promoted. They joined in opposing US efforts to obtain approval for intervention by the United Nations Security Council in Iraq in 2002-2003, as well as the actual US-led intervention in Iraq. In spring 2003, Putin warned Syria that 'even if there are people in this country who don't like the regime, it shouldn't be altered under external pressure'. Syria has also received Russian approval to support some of its key position in foreign policy. For instance, in 2008, when Russia intervened militarily in Georgia, Syria was the second nation after Belarus to express government assistance for Russia. A few days after this war broke out, Assad toured Moscow and denied "efforts to distort the facts to depict Russia as a nation of aggression." (Allison, 2013).

The Baathist in Damascus continues the most secular government in the Arab East, has continuously endorsed Moscow's Northern Caucasus strategy and heavily condemned the insurgents of Chechnya as terrorists (Chechen Republic Today, 2019).

On 21 March 2010, Syria and Russia signed a program for cultural cooperation in Damascus for 2010-2012. The document signed by Russian Minister

of Culture Alexander Avdeyev and his Syrian counterpart Riyad Naasan Agha is based on an intergovernmental co-operation contract between Moscow and Damascus in 1995. Russia's President Dmitry Medvedev, who visited Damascus on a two-day tour in May 2010, said Russia is looking for more active trade collaboration with Syria. "Although our bilateral trade turnover has been impacted by the global economic crisis, we hope to enhance the situation," said the Russian leader in the Syrian capital (Global Security).

President Medvedev wished to emphasize the significance of Syria and the Arab East for Russia during his visit to Damascus in May 2010 and to magnify Russia's prestige picture and position in the region. His visit concentrated not only on the bilateral relations between his country and Syria, but also on the peaceful resolution of the dispute in the Middle East. (ITAR-TASS, 2010).

## **2. Economic Relations**

Moscow's economic dealings with a number of countries, especially Turkey and Israel, in the Greater Middle East and far exceed Russia's trade with Syria. Russia's trade relations had been quite modest up to 2004, reaching \$218 million, with exports from Russia amounting to 206 million (Rivlin, 2005). However, when Western pressure on Syria was highest from 2004 to 2008, trade between the two nations began to gain fresh significance. Since the Soviet period, a gas-processing facility near Homs, a town in the western portion of the nation, Russia's Sroytransgaz introduced its biggest project in Syria in November 2009. The facility will assist cover 50% of the demand for gas from the Syrian energy industry (Interfax , 2005).

Relations between Russia and Syria evolved more dynamically than before between 2005 and 2008, and a bilateral trade turnover peaked at nearly \$2 billion in 2008. However, as a consequence of the global financial and economic crisis, it dropped to \$1.36 billion in 2009. The purpose of President Medvedev's visit to Damascus in May 2010 was also to provide an significant impetus for strengthening ties and collaboration between the two countries (Kreutz, Syria: Russia's Best Asset In The Middle East, 2010).

From the point of view of manufacturing, Syria has never had much significance for the Russian oil industry. Syria's petroleum reserves are 2.5 billion barrels, only 2% of the world's share, while its 8.95 billion cubic meters (bcm) of gas is inadequate to satisfy national requirements. However, in 2010, Tatneft joined the Syrian industry with a South Kisham field expansion close Deir-ez-Zor, which is thought to contain 4.9 million tonnes of oil. With the conflict entering its bloodiest period in 2013, Russian business Soyuzneftegaz won an exclusive tender in Block 12 to explore and develop Syria's offshore gas reserves, adding to the small holdings close to Syria's frontier with Turkey. Since then, both businesses have suspended their activities, blaming their decision on safety issues.

However, it is determined that Russian energy businesses will return. Gissa Gutchel, Executive Director of the Union of Oil and Gas Producers, announced in 2015, "When the fighting stops and the situation in Syria is stable, Russian businesses that had to freeze their activities owing to the civil war will be prepared to resume their activities rapidly and meet pre-war agreements valued at a minimum of \$1.6 billion." (Sogoloff, 2017).

## **B. Russia-Iraq Relations**

### **1. Diplomatic Relations**

There is a comparatively long and complex history of Russian relations with Iraq. For the first moment on 9 September 1944, at the end of the Second World War, diplomatic relations between the two nations were created (Majid, 1960). Nevertheless, the monarchical government in Baghdad was firmly anti-communist and formed its connections with Moscow only because of its reliance on Britain and the British-Soviet alliance during the war. Relations were broken down in January 1955 after the Soviets criticized the choice of the Iraqi government to join the Baghdad Pact (Shemesh, 1992).

When a military coup on 14 July 1958 overthrew the pro-Western monarchy, the country's new leader, General Abd-al-Karim Quasim, immediately restored diplomatic ties with Moscow and began buying Soviet weapons (Smolansky & Smolansky, 1981). Since then, Soviet-Iraqi collaboration has been close and multifaceted for about forty years until the Gorbachev Perestroika in the late 1980s, and it has even been formally called a "strategic partnership" for most of the time.

Post-Soviet Russian foreign policy, including its relations with Iraq, has experienced significant transformations since its founding in December 1991, up to the first months of 2001, and some of its objectives and directions can now be discerned and analyzed. Its first and most striking characteristic, compared to the Soviet era, is its weakness. The nation currently does not have a material foundation for supporting its global stature and ambitions. Its population is less than 50% of the former Soviet

population and as early as 1995, its GNP was already more than ten times lower than that of the United States (Pogodin, 1997).

What was also politically crucial in the era 1992-1995 was that the individuals surrounding Yeltsin were predominantly neo-liberal and Western oriented. They wished to dismiss as much as possible the Soviet legacy and join the "civilized world," as Russian Foreign Minister Andrei Kozyrev put it. They saw the avoidance of ties with the compromised Iraqi regime almost as a test of political correctness, and the Iraqi ambassador even complained to the group of Russian parliamentarians that when he wished to begin talks with the Russian government on the US\$ 7 billion Iraqi debt, none of the Russian leaders wished to receive him. Its financial relations with Iraq were significantly curtailed as a consequence of Russia's involvement in the sanctions, and as a number of prior commitments had not been fulfilled, he lost a profit of about US\$ 9 billion (Kreutz, 2001). However, the above scenario began to alter rapidly from the end of 1993 and the beginning of 1994 prior to a number of global and national reasons (Omar, 1995).

A first official meeting of the deputy foreign ministers of Russia and Iraq was also held in Prague in June 1993. As a practical result of this, in August 1993 an agreement was reached on Russia's continuation of all labor agreements signed during the Soviet period and on further financial collaboration. The following year brought the two countries a virtual rashness of mutual visits and high-level contacts. On 21 February 1994 and twice in August 1994 (9-10 and 29 August), Iraq's Deputy Foreign Minister, Riyadh al-Qaisi, was in Moscow. Following on from August to December of the same year, Iraq's Deputy Prime

Minister, Tariq Aziz, a man who has been in charge of Iraqi foreign policy for many years and who is Saddam Hussein's personal confidant, went to Russia three times (Kreutz, 2001).

It also started to alter the formal Russian stance on sanctions against Iraq. Russia representative in the Security Council in June and July 1994, S. Lavrov began to argue that the Security Council should react properly to Iraq's beneficial measures and strengthen, if not entirely, the sanctions. In response to some Western representatives' resistance to his movement, the Russian Ambassador voiced the view that the U.N. Resolutions should be complied with not only by the countries addressed initially, but also by the Security Council members, including the United States and the United Kingdom. In 1994 the session of the Security Council United Nations, Russia stressed the need for all parties to the Iraq-Kuwait conflict to fulfill their legal obligations in a parallel and balanced manner (Kreutz, 2001).

U.S. cruise missiles were introduced on Iraqi territory on 4 September 1996. The U.S. government asserted that the cause was an Iraqi military incursion into its northern region's specially protected area, mainly inhabited by Kurds wanting to separate from Baghdad. However, Russian Deputy Foreign Minister Victor Posuvaliuk had already received guarantees from Tariq Aziz on 2 September that Iraqi troops entering Kurdish territory were ordered to withdraw on 3-4 September, according to Russian sources. When the Americans told the Russians on September 2 that "a U.S. strike was inevitable," Moscow objected, arguing that the "scenario was basically shifting towards a denouement because of their attempts.". That was pursued, however, by the U.S. and U.K.

Bombardment that triggered a powerful Russian response is predictable. The Ministry of Foreign Affairs not only protested, but the state as a whole issued a remarkable declaration calling the action "insufficient and unacceptable.". Russian Iraqi political and economic collaboration continued to expand, and Tariq Aziz visited Moscow between 4-6 March 1997 and 9 May 1997 to remain in contact with Primakov on 11 November 1996. Since then, Russia and some other countries, particularly France and China, have developed a sort of "pro-Iraqi lobby" in the United Nations. With purpose to weaken the sanctions and restrict U.S. action against that nation, the Security Council (Kreutz, 2001).

Foreign Minister E. Primakov endorsed the draft resolution on the Iraqi crisis passed by the Duma on 3 February 1998. The resolution condemned the tendency to use force against Iraq and highlighted the need for a peaceful solution to the crisis. It also emphasized in particular that the use of tactical nuclear weapons, which the Americans prepared to use in their planned operation, was not permissible (Kreutz, 2001).

## **2. Economic Relations**

In May 1995, a resolution was adopted by the Russian Parliament in Duma calling for the abolition of the oil embargo on Iraq. However, for the Russian officials, the resolution was not binding and had rather symbolic significance. In general, the Russian leaders wished to maintain a kind of equilibrium in their connections with Iraq and Kuwait and the West, while requiring adherence from Baghdad with the appropriate UN. Resolutions including release of all inmates of war in Kuwait and compensation for assets lost or stolen. Nevertheless, collaboration with Iraq



has been maintained and further developed. Cooperation in the oil industry became especially promising for the Russian side. An intergovernmental agreement was concluded in April 1995 providing a total of 15 billion U.S. dollars for Russian drilling in West Qurna and North Rumaili oilfields (Bahgat, 2000).

Since Resolution 986 of 14 April 1995 allowed Iraq to sell \$2 billion in oil over a six-month period to pay for the civilian imports needed for the population ("oil for food" program), Russian companies actually received the most favorable treatment from the Iraqi authorities. During the first six phases of the "oil for food" program, their share of exporting Iraqi oil amounted to about 40% of the complete amount of Iraqi oil exports. Due to the large quantity of civil products supplied to Iraq (about US\$ 500 million) between 1998 and 1999, Russian businesses also won first position. And all orders from Iraq to Russia in 2000 surpassed US\$ 20 billion. As a result, since the mid-1990s, the Russians have thought that precisely because of their financial achievement and even stronger opportunities for future profit, "Washington will now do its utmost to avoid the embargo from being lightened.". Because of the guarantees of the Iraqi government to pay the debt that it owed to Russia as its first priority, Moscow was also interested in war avoidance and further devastation and ending the sanctions (Kreutz, 2001).

During the Cold War and until the U.S. invasion of 2003, Russia's financial links to Iraq were higher than its links to any other Arab country in the region. Between 1998 and 1999, the highest volume of civil goods delivered to Iraq was procured by Russian companies, amounting to \$500 million; in 2000, all orders from Iraq from Russia exceeded \$20 billion

(Kreutz, 2007) . Russia and Iraq signed agreements worth more than \$1.85 billion in 2001, according to Russian Deputy Foreign Minister Saltanov, and "Iraq secured its place as the major partner of Russia in the Arab World, with a turnover of products with that nation accounting for 60 percent of that with all Arab countries." (Kreutz, 2007).

Russia and Iraq, for their part, have increased interaction in the post-Saddam era energy region, including the growth of joint initiatives in Iraq and the Middle East between Russia's Rosneft and Crescent Petroleum. Prime Minister Nuri al-Maliki toured Russia in April 2009, the first visit to Russia since 1981 by an Iraqi leader. Gazprom Neft won a bid to create the gigantic Basra oilfield in Iraq after the conference, holding a 30% interest in the project (RIA Novosti, 2010).

The project is scheduled to be implemented for 20 years with the option of an extension of five years. Russian energy minister Sergei Shmatko resulted a Russian delegation to Iraq in September 2009 to discuss long-term collaboration in the fields of electricity and energy. Shmatko and Prime Minister Maliki agreed to introduce joint energy industry initiatives such as the construction of the Kirkuk-Bayji gas pipeline and other strategic gas pipelines, as well as possibilities for Russian businesses to upgrade current power plants and construct new ones. According to Shmatko, the 2009 visit "opened a fresh chapter in the two countries ' power collaboration," with the primary job being to "generate circumstances for enhanced trade and diversify types of collaboration." (ITAR-TASS, 2009).

In 2009, Lukoil won a \$4.5 billion investment tender to develop Iraq's West Qurna-2 oilfield. West

Qurna-2 field expansion in the Basra province has the ability to place Lukoil among worldwide giants. West Qurna is the biggest undeveloped oilfield in the world, holding 13 billion barrels of crude oil. The goal is to deliver output to 1.8 million barrels a day. Lukoil has been preparing to mobilize up to 15,000 oil and gas experts for Iraq (ITAR-TASS, 2009). Lukoil began producing drilling and building an oil handling unit on the field in April 2012. Lukoil maintains 56.25% of the project with Statoil in Norway holding 18.75%. Statoil decided to move his interest to Lukoil in March 2012 (Going Global East Meets West, 2012)

Russian Foreign Minister Sergei Lavrov visited Baghdad in May 2011 to address collaboration in the energy industry and said that "we are happy with the manner oil collaboration has developed." (Interfax, 2011). Iraq announced in June 2011 that it intends to increase connections with Russian oil and gas businesses, noting the significance of Russia in the energy field. Gazprom Neft began well drilling a second assessment at the Badra oilfield in January 2012 (Iraq Business News, 2012).

## **C. Russia-Iran Relations**

### **1. Diplomatic Relations**

Russia and Iran have had uncomfortable, often turbulent relations for most of the previous two decades, often to the detriment of the latter. Indeed, under both Tsars and Commissars, the threat to Iran's national security often originated from the former's expansionist policy. So the Soviet Union's disintegration was provided with relief in Iran, not surprisingly. The potential threat to Iran from that nation is now being removed for the first time in nearly two decades, and its relations are better

balanced, or at least less disadvantageous to Iran (Sicker, 1988). The common boundary of 2000 kilometers between the Soviet Union and Iran had permitted ready access to or sections of Iran by Soviet troops. Russia is no longer Iran's neighbor with the break-up of the Soviet Union. This geographic separation measure has provided more trust to the Iranians in coping with Russia.

In this setting, on the basis of pragmatic and strategic factors, Russia and Iran have shifted towards a much closer partnership than at any moment since the 1979 Iranian revolution. For instance, the catalysts for the current 'strategic alliance' are Russia's foreign currency needs and the willingness to have a friendly neighbor to the Muslim nations in Central Asia, and Iran's need for Russian weapons, fresh techniques, and perhaps more importantly, national and global political support. Furthermore, in developing oil and gas in the Caspian Sea, both nations have common safety issues and financial interests. Had assumed, and greatly feared, that the policy of Moscow towards the Islamic Republic might take into account the hostility of Washington towards Iran.

They must have observed with particular concern and happiness the address given to the Federal Assembly by President Yeltsin in February 1994 when he said that 'until lately our foreign policy lacked initiative and a creative strategy,' arguing that, therefore, 'we must put an end to the cruel exercise of unilateral concessions.' (Herrmann, 1994)

The announcements made by Yeltsin and the visit of former Foreign Minister Andrei Kozyrev to Tehran in March of the previous year to open up new avenues of cooperation, as well as the renewed interest of Russia in the Middle East in general, proved to be

the fears and assumptions of Iran wrong. The relationships between them have become so friendly, at least for now, that it is anticipated that President Yeltsin will visit Iran, although the visit date has yet to be decided.

Whether or not such a visit takes place is not as crucial to the Iranians as the reality that he accepted the invitation and that during his visit to Moscow in March 1996 he warmly received Iran's Foreign Minister Ali Akbar Velayati. After his trip to Russia, Velayati announced that relations between Iran and Russia 'have never been so good in the last 500 years.' Velayati also helped reinvigorate Russia's participation in the Middle East when, during a trip to Damascus in April 1996 to discuss a ceasefire between Israel and Lebanon, he argued that Russia should also sign any peace treaty between Lebanon and Israel with France.

The helpful diplomatic gesture of Iran could not have been wasted on Moscow since the Russian Foreign Minister, Primakov, was also in Damascus at the moment. In reality, all these friendly gestures are a follow-up to what President Ali Akbar Hashemi Rafsanjani said in a July 1995 interview: promoting ties between Iran and Russia serves both nations 'interests in seeking political alternatives to regional conflicts in Central Asia and the Middle East. He went on to say that the new ties between them were so powerful that they were not influenced by negative international politics, a clear reference to Russia's reluctance to join US pressure to cancel Iran's sale of a nuclear power station (Tarock, 1997).

Russian foreign policy took on an even more nationalistic, anti-American tone in Putin's first year and a half as president. In reaction to Washington's reluctance to abandon its ballistic missile defense

plans, President Putin publicly renounced the previously secret Gore-Chernomyrdin treaty in November 2000 and stated his desire to step up sales of Russian weapons to Iran. It was also announced by Moscow and Tehran that Russia would resume job on the Bushehr nuclear reactor and that it could construct even more for Iran.

There rapidly followed a flurry of high-level exchanges between Moscow and Tehran, culminating in a state visit to Russia in March 2001 by Iranian President Khatami. The emergence of this new Russian-Iranian partnership seemed to delight both the Russian and Iranian parties in American discomfiture. In reaction to American allegations that Iran was seeking to create nuclear weapons, representatives from both Russia and Iran stated that Iran was a signatory to the Non-Proliferation Treaty and that it was in complete accordance with all the safeguards of the International Atomic Energy Agency (Katz, 2002).

## **2. Economic Relations**

Moreover, financial, trade and technological collaboration between the two nations is growing as Washington tries to intensify its economic sanctions against Iran and isolate it globally politically. It should be noted here that it was presumed after the end of the Cold War that Tehran was no longer able to use the Russian card as a balancing act for centuries to neutralize financial and military pressure from foreign powers, Great Britain and later the United States. However, Russia could hope to use the Iranian card this time round to access the Persian Gulf and curb the likelihood of anti-Russian intervention by extremist powers not only in Iran but also in Central Asian (Tarock, 1997).

However, there was a significant shift in Moscow's strategy towards the Caspian that Tehran was dissatisfied about in the midst of all this bilateral bonhomie. Not only were substantial oil discoveries produced off Russia's Caspian shoreline, which Moscow did not want to share with four other countries, but the Russian petroleum industry (particularly LUKoil) allegedly persuaded Putin's administration that Russia would profit from participating in Western-led Caspian exploitation if its seabed were split along national-territorial lines, as the U.S. They also allegedly convinced the Russian government to withdraw from its resistance to the suggested Baku-Ceyhan pipeline as there seemed to be more than enough Caspian oil to fill it and the current Soviet pipeline from Azerbaijan to Novorossiysk on Russia's Black Sea shoreline (which was inoperable component of the year owing to poor weather).

Then Moscow dropped its prior stance, which it shared with Tehran, that the resources of the Caspian belonged equally to all five coastal nations, and took the stance that even though the sea itself was their common property, the seabed and everything below it should be split along domestic territorial lines. Indeed, Moscow advanced and signed contracts on this grounds with both Azerbaijan and Kazakhstan — its two direct neighbors on the Caspian — defining Russia's Caspian Sea limits (Katz, 2002).

Under this formula, a 13 percent share of the Caspian would be allocated to Iran. This is higher than the 11 percent share it held in the Soviet era, but it is considerably lower than the 20 percent share Tehran thinks it has the right to. Tehran also changed its stance on the Caspian: although it would prefer the five coastal countries to share the resources below the entire seabed similarly, Tehran would settle for a

territorial division on condition that it would receive 20% of the seabed. This would obviously imply that Iran would be allocated land off the coasts of its immediate neighbors, Azerbaijan and Turkmenistan, earlier controlled by the Soviets.

Tehran claimed that, in the Stalin period, the Soviet delimitation of the maritime border between them was invalid as Iran had never agreed. Tehran bases its claims that in the Soviet-Iranian treaties of 1921 and 1940, the Caspian should be divided equally on language for that purpose— although those treaties do not discuss the division of resources under the seabed. And unlike Moscow, Tehran insists on not sharing but delimiting the Caspian waters. In the hope that gunboats from Russia's big Caspian Sea flotilla will not enter Iranian waters, Tehran advocates this, authoritative Iranian commentators have observed (Katz, 2002).

Russia has signed with the Persian Gulf States countless bilateral agreements (Reuters, 2010). Lukoil extended its oil presence in Iran in 2007, and Gazprom signed oil and gas agreements that would allow it to directly invest in Iranian areas (RIA Novosti, 2007). In 2009, Gazprom Neft, Gazprom's petroleum branch, signed a memorandum of agreement to explore the growth of two Iranian oilfields, Azar and Shanguleh, with the National Iranian Oil Company (NIOC) (Interfax, 2010). Under the memorandum, Gazprom would be involved in developing the North Azadegan oilfield, building an oil refinery in northern Iran, and transporting crude oil from the Caspian Sea to the Gulf of Oman from Neka to Jask (big port towns in Iran on the Caspian Sea and the Gulf of Oman).

Iran and Russia debated an Energy Cooperation Roadmap for the next 30 years in July



2010. Developing oil fields in both nations as well as oil and gas fields elsewhere would be included in cooperation. In March 2010, however, Lukoil left Iran's oil project with CEO Leonid Fedun stating that "work on the oilfield was impossible until U.S. sanctions were lifted." (RIA Novosti, 2010) Moreover, in October 2011, Gazprom Neft was pushed out by Iran and substituted by a consortium of Iranian firms. Gazprom Neft stated that the firm did not like the conditions provided by Iran apart from tightening Western sanctions. According to Iran, the reason for the memorandum of understanding signed in 2009 was procrastination (Moscow Times, 2011).

Fedun stressed in February 2012 that "Russia has stable ties with Iran despite latest hiccups, but now because of sanctions Lukoil has no agreements with Iran." (RT, 2012). However, Iran encouraged Russian firms to create a number of its oil and gas areas in February 2013, while also providing modifications to legislation that would allow Russian firms to obtain a stake in Iran's extraction locations (RT, 2013).

"Iran is Russia's relatively active and historically tested trading partner." The capacity of Russian manufacturers to export their products abroad enhanced from a gradual domestic economic recovery in 2000. As a result, the annual quantity of Russian-Iranian trade rose from \$686.9 million to \$2.2 billion between 2000 and 2006. In subsequent years, this figure continued to expand, with a slight decrease in 2009 that could be explained by the global economic crisis of 2008–2009. Russian exports include ferrous metals and metallurgical goods (63-68%), timber, pulp and paper (7-8%), fuel and power resources (3%), cereals (2-5%) and fertilizers (2%). Iran, in turn, supplied mostly food and industrial goods (81–84%) and cars (4–7%) (Kozhanov, 2012).

Over the previous decade, the track record of the two nations in investment activity was less spectacular. There is limited information about the precise quantity and composition of foreign investment in the Russian economy and Russian investment overseas. However, to draw conclusions on the matter, it is not essential to understand the extensive statistics. The combined amount of accumulated assets between the two nations, for example, exceeded \$30.5 million by October 2010. Iranian investment in the Russian economy was \$3.1 million, of which FDI was only \$608,000. Meanwhile, \$27.4 million was spent in Iran by Russian entrepreneurs, with \$27.3 million in FDI. Both Russian and Iranian investors focused on wholesale and retail trade as well as service centers for automotive and household equipment; these industries accounted for up to 90% of all resources invested (Kozhanov, 2012).