

CHAPTER III

RUSSIA-IRAN COOPERATION ON ECONOMY AND ARMS TRADE

Russia wants to be an actor with influence in the Middle East region in addition to the grounds for stability and also trade. Russia's foreign policy towards the Middle East based on the desire of Russia as a great country should play an active role in a relevant area such as the Middle East, Russia believes the constant conflict in the Middle East, Russia must build trade relations and mutually beneficial relationships with countries in the Middle East. The emergence of Russia as a player in the Middle East under the leadership of President Vladimir Putin to restore Russia's position as a superpower in the Middle East (Carnegie, 2016).

According to Jatmika, "It is undeniable that the Middle East is one area that is prone to conflict. There are various reasons why the region of the Middle East is very prone to conflict. First, that is particularly striking is that the natural resources that exist in the Middle East, namely Oil, US geopolitical expert also has the same view with Hartford, whoever holds the two men who control the World Island will be able to control the world." (Jatmika, 2014).

Many countries want to spread its influence in the Middle East in order to take control of natural resources in the region, and one of them is Russian. Russia has a foreign policy toward the Middle East, and the policy is divided into two components, there are Iran and other regions in the Middle East. In Iran the Russian government pursues cooperation in the energy and economic fields.

Iran's nuclear program received a lot of rejection and condemnation of other countries, especially the United States and the West. This rejection is due to concerns about the development of nuclear weapons would do America stated that Iran's nuclear development undertaken by Iran could be used

for acts of aggression and harm other countries. Nevertheless, Russia chose a place opposite to America. Russians prefer to continue to support Iran's nuclear program, which he believes is safe aimed at developing energy. Russia since 1992 has been agreed to help Iran to build a nuclear reactor at Bushehr, but its development was hampered because of pressure from other countries to halt the Bushehr nuclear project (Akbar, 2015).

A. Historical Cooperation between Russia and Iran

The government must meet the objectives of the country. Here, in order to meet the objectives of the country, a country usually makes a policy that can meet the objectives and interests of the state. By looking across sectors, a country finally set policy as a strategy is concerned with the political, economic, social, and military. Previously, Russia had experienced an economic downturn as well as a few things and then brought Russia to the worrying situation. The economic downturn caused by the rampant corruption and lack of proper regulation and bureaucracy in Russian political culture monopolistic reinforces apathy among the public. Russian unfavorable circumstances did not fail expectations, then Russia together with Ukraine and Belarus formed the CIS (Commonwealth of Independent State) signed by several countries joined. The first objective of the establishment of the CIS is to be a symbolic organization. CIS then be organizations that have the power of coordination in the fields of trade, finance, law, and security. Trade did between members of CIS to be a step to fix the country's economy that was previously destroyed. After Russia headed by Vladimir Putin, CIS is used as a tool to prioritize Russia's foreign policy (Varma, 2001).

As an example, consider the Russian military, economic sector and create a policy to cooperate with Iran are a top priority on its foreign policy. In determining foreign policy, a state will consider five different sectors, here Russia

taking "External Sources" include attributes that exist in the international system and on the characteristics and attitudes of a country in carrying it out. External Sources include changes that occur in the external environment, policies, and actions from other countries, both conflict and cooperation, threats, that directly or indirectly support affects foreign policy in a country. Russia is using the concept of Foreign Policy to achieve the goals and interests of his country to overcome the economic downturn by working with other countries, especially Iran. Iran is regarded as the country with the potential to help Russia out of adversity (Holsti K., 1988).

Russia's relations with Iran have existed since long even since 1826 in which Russia invaded Iran. In 1990 before the end of the Cold War, both Iran and the Soviet Union conducted a dialogue on development cooperation nuclear program previously unfinished. As a country which has abundant energy resources, Russia and Iran finally agreed to form a partnership. Russia-Iran nuclear program into a partnership that includes the existing NPT (Non-Proliferation Treaty) but is still getting opposition from other countries. The dialogue process was then performed again after the cold war has been completed, around 1995 after the Russian Federation was formed into a country. Russia then formally declared itself to be helping Iran to complete Bushehr construction process and signed a cooperation agreement with Iran regarding the possible construction of three similar reactors at the same location. However, this agreement by Russia-Iran gets massive opposition from the United States for fear Iran would misuse it as a means to make weapons for destroying mass (Hoffman, 2005).

Cooperation undertook by the Russian-Iran also raises concerns for the United States regarding Iran originated in the Middle East, which is likely to threaten American interests in the region. Iran's nuclear program is also being debated in international politics between the United States, Russia, Europe, and China. The United States accuses Iran has plans to

build a nuclear weapon. However, Russia declared that they would support Iran accompanied by supplying the latest weapons technology. Russian foreign policy is beyond Russia's geostrategic and economic considerations. Not just the United States alone, the UN and the IAEA is also still doubtful with Iran regarding its nuclear development commitments and will phobia their nuclear proliferation. In previous, the policy for controlling nuclear weapon was carried out in Anti-Ballistic Missile (ABM) and Strategic Arms Reduction Treaty (START) that control about the restriction on the number of nuclear weapons (Krass, 1997).

Both Russia and Iran became a member of the NPT and the IAEA. Both must comply with the rules set. The fourth chapter in the NPT states that member countries such as Iran may develop nuclear weapons for peaceful purposes. Even countries which have nuclear technology are allowed to assist countries that do not yet have these technologies. For this reason, Russia considers that the assistance provided to Iran is legal and following applicable regulations. To comply with Iran to the NPT, Iran has done its obligations and is considered to be entitled to possess and develop nuclear technology (D. Fischer, 1995).

Russian forged bilateral relations with Iran cannot be separated from the interests of Russia in the economic sectors, including energy and arms trafficking. Therefore, Russia is eager to approach Iran and countries in Central Asia, which has the potential of energy resources of natural gas and natural oils. Russia realizes that many countries need oil and natural gas to smooth trade and business activities (Kompas, 2012). Oil and gas is not the only source of export revenue for Russia. The export activities and nuclear weapons have also become one of the primary sources for Russia. Russia managed to increase the export of nuclear power from 16 percent to 25 percent to the customer country like Iran. Vladimir Putin, as Russia's leader, has the ambition to make a ¼ country in the

world would be a customer of Russian exports and will build 26 reactors in the country and 20 other reactors abroad.

Russia openly will assist Iran in building a nuclear reactor. Opposition comes from the United States and even states to impose sanctions on Russia. However, Russia said it would not halt its assistance to Iran because Russia will only help Iran in the manufacture of reactors and to report progress to the IAEA. The assistance provided to Iran would not be done free of charge. The crisis experienced by Russia before making Russia wanted to cooperate with Iran. Russia hopes that the assistance provided to Iran could help Russia to increase sources of funding in the economic sector. Besides, Russia and Iran have good relations in the economic sector with the win-win solution for both countries. Through the good relations of Russia and Iran, Russia also can have good relations with other countries in the Middle East era that can strengthen the existent in those areas (News, 2010).

Russia and Iran are an oil and gas producing countries the number two and number four in the world's largest. Both cooperated in 2008 in Tehran to increase their import-export in order to increase profits. Following that in 2009, Russia was willing to help Iran to develop its gas industry. Both had signed a cooperation agreement on agriculture January 2009 and December 2008 both to develop cooperation in the field of telecommunications. Total cooperation of all by the year 2007 amounted to \$ 3 billion and counting. -Megaphone Russian telecommunication companies continue to expand until 2009 in Iran (Felgenhauer, 2010).

B. Strain Relationship between Russia and Iran

Russia never had a dilemma in its policies to assist the development of the nuclear program in Iran. The amount of pressure that comes from western countries make Iran had wanted to halt its nuclear development program. In 2006, the UN Security Council to decide for Iran to temporarily

postpone its nuclear development for further investigation by the IAEA (Emmanuele, 2009). Also, President Barack Obama, who at that time, was pressing Russia to limit the number of nuclear technology shipments to Iran. The United States also impose its will on Russia and Iran to stop the agreements that have been made about Russia's desire to help Iran in its nuclear development process.

In 2009, the US-Russia relations and Iran to the tension. At a meeting held in September 2009, Barack Obama as the United States wants Russia to participate in the program of support sanctions against Iran over its Efforts to develop a nuclear weapon. Medvedev said that sanctions would be given to Iran is can be forever to be avoided. This statement supports the efforts of the United States to increase international pressure on Iran to comply with the NPT treaty in assembled nuclear program. Russia has not been fully approved sanctions presented to Iran to comply with demands put forward by the United States over its nuclear program. Medvedev told Obama said that for this problem is better solved with a better approach, Russia plans to renegotiate with Iran. The result will come out in proportion to the fact that Iran undertakes the development activities, whether to sanction or not (CNN, 2009).

Some Russian experts mention that Russia's relations with Iran on the verge of collapse in the leadership of Dmitry Medvedev. Routine activities of Iran caused it in order to remove the sanction on Iran. Iran several times to negotiate with the United States and show the right action over its nuclear program. Iran knew that the United States holds power in controlling the international public, including the UN Security Council. The process of self-Iranian approach to the United States allows the existence of diplomatic relations between the two countries. Iranian side also showed their attitude is not satisfied with the policy of Russia became a member of the P5 + 1, which often take care of other interests. Iran then tried to get into the Shanghai Cooperation

Organization, which is this action not supported by Russia (Surkov, 2010).

Vassily Kuznetsov, a Russian expert, believes that in the economic sector, several factors are inhibiting this bilateral relationship. First, Russia does not utilize to the maximum period of sanctions against Iran to strengthen ties with Iran. That opportunity will slowly shrink as a result of the competition from the EU and China to Russia. Secondly, Russia will only be needed in several areas, such as the construction of a non-military, railway lines, and electrical energy alone. Thirdly, Russia will lose a landslide from the European Union if sanctions against Iran has been completed. If the relationship Russia and Iran are not quickly repaired, then Russia must compete with Western countries in the economic sector, the military and others. That means that Iran, after the escape of the sanctions, will have much room for maneuver and are no longer dependent on Russia. Lukyanov, an expert IMEMO RAS (Institute of World Economic and International Relations) confirms what was said by Kuznetsnov, that economic cooperation could be expanded if the Russians win the market in the sale of weapons, but for other sectors, Iran may request assistance to Japan and United States of America. Iran may request assistance to Japan and the United States (Kuznetsnov, 2016).

C. Putin Policy to Strengthen the Cooperation with Iran

Each country has different national interests. In view the interest of the country we can see from the measures taken by the country. The nation of national interest is the fundamental goal and the essential factor that determines and guides decision makers in formulating foreign policy. Russian has a national interest through Iran, which is negotiating to exchange oil supplies with construction buildings. Russian decision to cooperate with Iran in oil and weapons transactions. Decision missile sales to Iran and Russia-Iran close relations and Middle Eastern countries reap protests from

the West. The Russian decision was also met with resistance from the United States because they will endanger the existence of the United States there.

Cooperation Russian-Iran does not always run smoothly, and even Russia-Iran relations have experienced tension. To respond to this, Russia Determined to strengthen the relationship and cooperation that exists between the two countries. Russia in a nuclear deal with Iran is influenced by several factors, among others, the national interest in terms of the Military Security and Economic Well-being. Russia sought various ways to maintain the identity of the country in the international glass. Sales of the S-300 missile is also one way of Russia in restoring the economic crisis that happened as a result of sanctions western countries. As a country which was once the world's superpower Russia, of course, will apply the balance of power to counterbalance the United States. Expanding relationships and influence in the Middle East is a fundamental principle of the Russian national welfare. Beside of that, explained that 'balance of power' is seen as a 'result' at the systemic and sub systemic level and also as a condition in the balance of 'power equilibrium' power, between key countries (Paul, 2004).

Russia later restored Russian-Iranian relations that were once damaged as the actor who proposed negotiations between the US-Russia-Iran. The Russian Ministry of Foreign Affairs considers that the results of the negotiations achieved by them were a victory over the efforts to resolve the problems carried out by Russia politically diplomatically. Moscow stressed that this was what Russia had championed and hoped for. Russia also stated that after these negotiations, an agreement on the Iranian Nuclear Program could play an active role in resolving regional problems and conflicts in the Middle East. Another reason why Russia holds Iran's hand in cooperation is that some experts from Russia judge that relations between Russia and Iran can be destroyed at any time. It was marked by the activities of Iran which actively

negotiated with the United States regarding sanctions against Iran. If Russia releases cooperation with Iran that has been built for a long time, then Iran could easily side with the United States or the European Union which can diplomatically and bilateral relations guarantee the next future of Iran (Surkov, 2010).

Russia is also confident that his relationship with Iran will go well. Head of the Department of CIS, Vladimir Yevseyev told RBTH that for Russia, is now an opportunity to build relationships with Tehran has been open. Yevseyev trust indicated that sanctions against Iran would not be lifted soon. So, Russia can strengthen its relationship with Iran. At the end of 2015, and Russia's cooperation with Iran has not been smoothly running marked with the construction of a power plant in Bushehr. Iran also offered to modernize the railway lines that have previously been designed. Russia is now on the verge of expansion of relations of cooperation in the military sphere. There is also the possibility to channel the military objects to the Navy, Air Force, as well as modernize the air defense system. Russia, together with Iran, are also planning their joint war maneuvers exercise, educating and training for soldiers of both countries (Gazeta, 2015).

1. Challenge Trump and the United States

Since the sanctions handed down and Trump administrative decision to oppose Iran nuclear deal in 2015, making the relations of Moscow and Tehran turned into a strategic partnership that continues to grow. Vladimir Putin's relentless attempts to make Russia into a superpower country again is one of the goals of its foreign policy. It has also received positive support from Iran, which wants to be a country that was instrumental in the international community since Trump for president in 2017. Russia and Iran have shared the increasingly close ties that make rising tensions with Washington and undertakings of the United States who wants to expand its influence in the Middle East region.

Kayhan Barzegar, Director of the Institute for Middle East Strategic Studies in Tehran, states that Russia today has attracted the attention of the regional countries in the Middle East, while the United States branded as an actor that makes the regional confusion. Russia has also been mentioned as a country that can fill the power vacuum as an influential country in the Middle East. The actions of Vladimir Putin also support it reiterated Russia's relations with Iran is getting stronger and was able to isolate the influence of the United States (Wright, Russia, and Iran deepen Ties, 2018).

Putin, along with Khamenei, spent a long time in negotiations between the two countries. The Russian side reiterated that Russia would never betray Iran, as was done by the United States. Iran welcomed the positive of what the Russians do, and they then stated that it was a significant moment in the alliance in recent years. Russia also has implications both in the Middle East region and for the full world. The statement came less so after the statement, and Trump announced that the United States that Iran does not obey the rules in a nuclear deal. Of reports has been leveled by the United States, but the IAEA said that Tehran has consistently fulfilled its obligations (Azarov, 2018).

Pressure by the pressure exerted by the United States to Iran intentionally or unintentionally pushed Iran to fall into the arms of Russia. US political scientist spoke about the attitude of the United States who prefer Iran is in the Russian orbit rather than have an independent Iran. In 2016, military coordination between Moscow and Tehran also intensified. Both state forces characterize it was at the forefront of military coordination in Syria in 2015. In January 2017, Russia, China, and France criticized the United States in a meeting with the UN Security Council that Iran attack against street protests triggered by rising prices and unemployment. Russian concerns about Iran's rapprochement with the United States then prevented by Russia with Russia's involvement in the

Syrian conflict. Russia is confident of its position as the most important and powerful ally for Iran (Wright, 2017).

2. Economic Policy

The country's national interests of the Russian Federation on missile sales Almaz-Antey S-300 to Iran is also not spared in the interests of the Russian nation itself. Sales of missiles on Iran certainly will bring an increase in social and economic welfare society either individually or in whole, either long term or short term. Russia's primary interest is to grow the economy in the country and its presence in the Middle East. Russia's national interests in maintaining an identity as a superpower country in the international glass are to implement a system of democratic government. Russia has changed the system of government from autocracy to democracy make Russia must choose the right step for all the people of various circles in Russia. As a country with a democratic system, Russia also maintains its existence in the international world because of Russia also one of the superpowers (Holsti K., 1992).

Regarding national interest, Russia must restore its economic well-being after facing the crisis as a result of economic sanctions from the West. In this context, Russia strengthens its relationships and agreements with Iran to exchange goods and crude oil "barter" for policy delivery and supply of equipment and construction material to Iran in exchange for oil under the deal. National interests of the Russian Military Security is a way to maintain the identity of the country amid international glass, particularly the United States and Iran that Russia has the quantity and quality of powerful weaponry. Russia is also taking advantage of its position in which Russia became -middle-man between Iran and the Western countries. It resulted in the first reactor should be completed in 2005 have gone back six years and was inaugurated in 2011. It appears that despite the many pressures from the outside, and there is no doubt that Russia had

oscillated in taking a stance on Russia finally complete his promise to Iran (Martin, 2010).

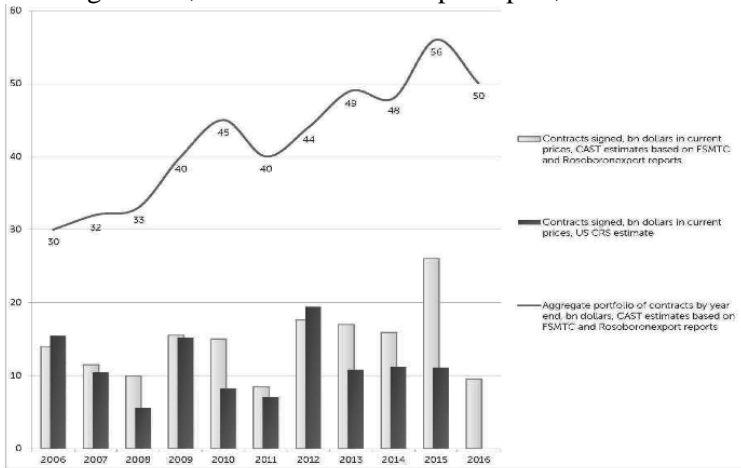
Since President Vladimir Putin leads, arms sales in recent years have increased towards the Middle East and North Africa (MENA). Since 2016, the Russian arms market MENA region to reach one-fifth of Russia's arms exports. To review, in 2009, Russia sold arms worth\$ 9 billion to MENA, and during 2016, Russia has sold weapons as much as \$ 21.5 billion to MENA. These sales would show an increase in sales in the previous Medvedev's leadership. This agreement with Middle Eastern countries, especially Iran, is an essential thing for Russia's national interests (Borshchevskaya A., 2017).

3. Military Policy and Arms Trade

The Russian economy remains heavily dependent on raw materials and natural resources, but the defense industry is a technology-intensive sector in which Russia holds a position of international leadership. In the country, the Russian defense industry is a significant source of employment. Russian President Vladimir Putin renew the emphasis on modernizing the armed forces, particularly the navy, on May 7, 2012, on the same day when he served as president for the third time (Borshchevskaya A., 2017).

Russia sees Iran as the right partner because Iran is a source of energy for Russia, so it is obligatory to establish a good relationship; on the other hand, Iran has nuclear cooperation with Russia. When 20% of oil and gas under the control of Iran and Russia, this makes the two sat in a strategic position for both of them and very promising investment. Since 1992, Russia has sold hundreds of weapons systems to Iran, including 20 T-72 tanks, 94 water-to-air missiles and fighter aircraft such as the MiG-29. Beginning in December 2009, the company non-military helicopters Verthalutirussia Russia signed an agreement with the Iranian company Aseman Giti Fanavaran to send helicopters to Iran. Following the

agreement, Iran will represent the company Russian company and will handle marketing and marketing. February 2010, Russia was forced to delay delivery of S-300 to the system with legislation, some fundamental principles, and also force



from outside to stop these exports this matter because the US get an indication that the S-300 is feared will be used for the benefit of the development of nuclear weapons by Iran. The Kremlin also confirmed that there were difficulties to export because the object is difficult to be transported by trucks which will pass through the mountains. Russia also needs Iran as a consumer of arms sales and to help the security of the southern boundary of Russia, Iran needs Russia for military material (Tehran Times, 2019).

Source: Articles on the Russian arms trade, Catherine A. Theory Conventional Arms Transfers to Developing Nations, 2008-2016, Congressional Research Service, 16 December 2016.

From the diagram above, we can see that Russia has experienced an increase in arms sales to other countries, including in the Middle East. The sale of weapons for Russia is a tool in its foreign policy. In July 2012, Putin said that arms

[Figure 3 Russian Arms Contracts According to FAMTC and estimates by CRS, 2005-2016](#)

exports were an effective instrument to advance national and political interests. In December 2013, Deputy Prime Minister Dmitry Rogozin said that Russian arms sales were the essential element of Moscow's relations with other countries. Moreover, Moscow's primary goal - the survival of the regime, which is expected to be achieved by reducing Western influence - is contrary to Western interests and values. Thus, in the MENA region, Moscow judges almost everyone and competes with the West whenever the opportunity arises. Export of weapons is a significant component of this effort (Kremlin, 2012).

Russia itself is an exporter of arms second most significant in the world after the United States with several arms exports by 26% in 2006 Russian import fighter aircraft multi-role Su-30 MK 2 Flanker and 18 helicopters, and export air defense systems Tor-1 to Iran (T.Milani, 2012). Russia also expects market share more fabulous oil in the Middle East. Because for Russia itself Iran is the gateway to the Middle East countries other. Related Iran oil purchases by Russia, initially the two sides discuss a considerable amount to the oil supply, to reach 25 million tons per year or about a quarter of Iran's total oil production. However, now the two sides agreed to cooperate in small amounts, i.e., between 2.5-3 million tons per year. Iran will sell its oil at a price that is slightly less than the price of Brent. The annual contract this cooperation reached 2:35 billion dollars. The efforts were undertaken by Russia solely to defend Russia's economic and political interests in Iran. Oil and gas sector is the primary commodity to meet its energy needs and activities of Russian exports. Russia maintains oil and gas interests for the realization of a managed democracy undertaken by Russia during his reign. It is reflected by the policies of Putin in the form in order to maintain its position on Iran (Barsukov, 2014).

Also, Russia has military cooperation with Iran aim used to hold military aggression, conduct anti-terrorist operations, and fight transnational crime. The troops permanently based in

Russia and under the command of the CSTO member states to contribute a particular military unit. The Russian government in Kyrgyzstan put up military units about the size of a battalion and Russia set up a training center for military personnel of both countries. The agreement is valid for 49 years, and onshore automatically extended to a period of 25 years (Barbanov, 2009).

When the Russians have made it into Iran then indirectly sizeable Russian influence in the Middle East region which incidentally is the area where the struggle for influence for large countries, especially the United States, the US has held several countries in the Middle East, such as Iraq, Afghanistan, Israel, and fostering good relations with Saudi Arabia. Iran is not yet a region untouched by US influence so that when Russia entered the US seeks to hold Russia, so in the end, a tug of war between the US and Russian influence. It makes Russia continue to maintain ties with other countries, either Iran or countries in Asia. Russia benefited with good relations with other countries, Russia can be seen that a country a superpower.