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## **Assessing the Regional Policies and Geopolitical Convergence of Iran-Russia in the Eurasian Economic Union**

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### **Abstract**

This paper discusses the regional policies of Russia and Iran and examines their role and relationship with the Eurasian Economic Union. The data required for the research was obtained from international organizations and the research has done by descriptive-analytical method from a critical view. The Islamic Republic of Iran, which had been excluded for four decades from regionalism processes and membership in regional organizations of East and West, recently has followed cooperation and convergence with the Eurasian Economic Union (and The Shanghai Cooperation Organization). Signing the Interim Free Trade Agreement between the Islamic Republic of Iran and the Eurasian Economic Union in May 2018 was an essential step for Iran to enter the regional arrangements. The USA withdrawal from the Joint Comprehensive Plan of Action (JCPOA), extensive USA sanctions against Iran in Trump's administration (maximum pressure), and Russia's geopolitical dilemma and western sanctions have led Russia and Iran to cooperate within the framework of the Eurasian Economic Union as a geopolitical necessity. In this context, the present paper analyzes influential factors that have fostered bilateral relations between the two countries and the EEU-Iran. The results show that despite the economic name of the Agreement, its political and geopolitical goals are the main priority for the Russian Federation and the Islamic Republic of Iran. The absence of economic complementary, distrust, and political and geopolitical challenges are significant obstacles to this Agreement and relationship.

**Keywords:** Eurasian Economic Union, Geopolitics, Regional Policies, Convergence, Iran, Russia.

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## **1.Introduction**

Despite repeated efforts, Moscow has not succeeded in bringing ‘near abroad’ countries and breakaway republics of the USSR together in a comprehensive regionalism structure. The Commonwealth of Independent States (CIS) project has not been a significant achievement for Moscow (Saka and Webber,1999:379). Divergence from Russia and inclination to the West and NATO in Ukraine, the Baltic republics, Azerbaijan and Georgia have posed severe challenges to the Kremlin's regional policies (Giles and et al., 2015:20). Russia, which has been expelled from the G8 (G7 now) and cannot compete with the European Union and the United States in coalition-building and regionalism, is seeking to rebuild its power based on a Eurasianism strategy. Meanwhile, after several stages of the regionalism process (Common Economic Space, Eurasian Economic Community, Single Economic Market, Customs Union), Russia finally succeeded in establishing the Eurasian Economic Union (EEU), consisting of Russia, Kazakhstan, Belarus, Armenia, and Kyrgyzstan in early 2015 (Rotaru,2018:1; Vinokurov,2018:6). Consolidating the convergence structure of the Eurasian Economic Union was an essential step in the core of Eurasian regionalism. However, economically, The Eurasian Economic Union does not have a substantial weight compared to the economic power and blocks of the world (Giucci and Mdinaradze,2017:4-5). The limitations of Moscow's regional policy and the economic weakness of the EEU and Russia's expansionism goals have led Kremlin leaders to pay more attention to the strategic country of Iran in recent years (Shine and Magen,2017:1-2). Although in recent decades, there has been political, military and security cooperation between Tehran and Moscow in the field of the S300 defense system, Bushehr nuclear power plant and cooperation in the Syrian crisis (Omelicheva, 2012:32; Sadri and Litwin,2009:527), the volume of trade between the two countries annually it has not been widespread. Generally, there was no secure and stable relationship between them. Iranian-Russian relations have been constantly influenced by geopolitical codes and variables (Mousavi and Naeni,2019:107; Omelicheva,2012:31).

Iran, like Russia, realized the importance of convergence and regionalism and seeks to develop its relations with its neighbors. Although Iran has the competent location for regional integration with its neighbors in terms of regional and geographical contexts (Caspian region countries, Persian Gulf

countries, Southwest Asia countries, Persian speaking countries), due to various problems, including ideological conflicts and political and geopolitical challenges with neighbors and the US obstacles, it could not use its opportunities in this field (Veicy,2021:382). Although geopolitically, the Islamic Republic of Iran has converged with non-state actors (Lebanon's Hezbollah, Hamas, Yemen's Ansarullah, Iraqi Shiite militias) and even supported Bashar al-Assad's government in the region, these measures have not had significant economic gains for Iran. Therefore, The Islamic Republic of Iran has spent a lot on the nuclear issue and regional policies and supported non-state actors without being able to use them for the economic and national interests for its nation.

Furthermore, Donald Trump's policy of "maximum pressure" and sanctions on Iran's oil and natural gas industries has made Iran's economy smaller and weaker in recent years (Ghassemnejad and Jahan-Parvar,2021:602). In such a situation, the Islamic Republic of Iran turned more and more towards Russia. Iran is working to improve its economic situation and position in the international system through Russia and the EEU.

Generally, the geopolitical dilemmas of Iran, the severe US sanctions against Iran, Russia's needs, and the EEU's bilateral engagement with countries in the region, led the Islamic Republic of Iran to open an agreement with the Eurasian Economic Union. After several years of negotiations, finally, the Islamic Republic of Iran and the EEU signed a free trade agreement (FTA) on 17 May 2018 within the framework of the Astana Economic Forum. Officially, the Interim Agreement enabling a free trade zone between the Islamic Republic of Iran and the EEU came into force on October 27,2019. This Agreement is provisional and focuses on reducing customs tariffs between the parties (Eurasian Economic Commission,2018). Therefore, the nature and type of regional policies and cooperation between the Russian Federation and Iran in the framework of the economic union is a research issue. Why Iran and Russia entered into convergence relations and can Iran solve its economic and geopolitical problems by cooperating with the Eurasian Economic Union ?

## **2 .Methodology**

The methodology applied in this research is the descriptive-analytical method. We tried to explain the research problem and assessment with critical view. The required research data were obtained from the

international institutions of the World Bank, the International Monetary Fund, the United Nations Department of Economic and Social Affairs, the Eurasian Economic Commission, and the Eurasian Development Bank. The data were analyzed qualitatively.

### **3 .Results**

#### **3-1 .Russia, the Eurasianism Policy and the EEU's Regionalism**

The profound changes of the end of the Cold War and the collapse of the Soviet Union in the early 1990s transformed the geopolitical system of the Eurasian region and caused the weakening of the power of the central core of the Eurasian region. After the collapse of the Soviet Union, the countries of the post-Soviet space tried to find their position in the world economy and restore their production capacity in the new era (Vinokurov,2018). Russia, as the largest and most potent breakaway country from the Soviet Union, attempts to reorganize the new regional order. Russia tended to the West during the presidency of Boris Yeltsin (1991-1999), which is called Atlanticism (Westernism). According to Atlanticism, Russia is a part of the West, and it reflects a commitment to close relations with the West and integration into the world economy (Kerr,1995: 977; Varol,2013:18).

In the last decade of the 20th century, the period of stagnation and weakness of Moscow, Russia was against world powers. At the beginning of the new millennium and the coming to power of Vladimir Putin as Prime Minister and then President (1999-present), fundamental changes in Kremlin's foreign and strategic policy began. In the political culture of Russia, the restoration of Russian power as a world superpower was a public demand, and Putin and policymakers of the Kremlin consider it possible in the discourse of expanding power within the Eurasianism strategy. Thus, Westernism and the liberal policy of Yeltsin were replaced by Putin's Eurasianism strategy (Kasymov,2012:58; Roberts,2017:418).

Eurasianism as a political philosophy was first advanced by leading Russian émigré thinkers in the 1920s, including Nikolai Trubetskoy (1890-1938) and Pyotr Savitsky (1895-1968) (Bassin and Pozo,2017:15; Dugin and Morgan, 2014:31). The Eurasianist thought tempted Russia's foreign policy policymakers to embark on a development course apart from the West (Shlapentokh,2014:380). With its growing assertiveness and its geopolitical inclination, Russian foreign policy has been considered as a resurgence of Eurasianism or the so-called Neo-Eurasianism (Dugin and Morgan,

2014:32). Remarkably, neo-Eurasianism insured the post-Soviet integrative projects against nationalism by sustaining the idea of the peaceful and mutually beneficial co-existence of various nations, cultures, and diverse religions. As a philosophy, Eurasianism bridges the gap between an exclusive ethnic Russian concept of Russia and the reality of the state's multi-ethnicity. It allows for the concept of a unique Slavic, Orthodox Russia to survive and coexist with an embrace of the non-Russian Asian peoples of the steppe, Chechnya, and the North Caucasus. It restores the idea of a multiethnic, multiracial, multinational, and multi-religious Russia (Hill and Gaddy,2015:107).

Izotov and Obydenkova (2021:150) expressed that some Russian political thinkers have taken on board 'Eurasianism' as an ideational foundation for regional integration and even argued that Eurasian integration could promote a political consolidation of the post-Soviet space. This strategy became the basis of Russian foreign policy in the new millennium. Vladimir Putin hoped that this political strategy would increase the country's prosperity and strengthen national and regional security and restore the image of Russian global power. The power position was primarily lost by the previous leadership in a period of transformation to the new nation-state and reduced from a global superpower to the level of regional power.

Eurasianism was a political ideal that pragmatically must arise in regionalism and integration. Hence, the Kremlin based its regionalism and regional policies by Eurasianism on the making of a multi-polar world and balancing power in the geopolitical world system as well as strengthening Russia's economic and political power. Even the Eurasianism strategy can be called a Russian solution against the Atlantic convergence strategy of the Western power. Kremlin's leaders hoped that Eurasian regionalism could broadly support the Eurasianism ambition.

Naturally, one of the primary goals of the Eurasian regionalism strategy in Russia is to attract the republics "near abroad". Moscow pursues two main goals in this direction. One is to strengthen political, economic, and security relations with near abroad countries and the other is to prevent the influence of world powers around Russia. Russian Eurasianism goals are at odds with the expansion of Western institutions to the East.

Therefore, from the beginning of the new millennium, Moscow sought to implement the regionalism process in Central Eurasia. The signing of the

Eurasian Economic Community Treaty (2000), signing of the Eurasian Customs Union (2007 and 2010), the Single Economic Space Agreement (single market) (2011 and 2012), the Treaty of the Eurasian Economic Union (2014), and finally the establishment and implementation of the Eurasian Economic Union (2015) was part of necessary actions of Russia in the Eurasianism strategy (Vinokurov,2018:5-6).

After many efforts and actions, Moscow could create the Eurasian Economic Union (EEU) that just consists of Russia, Belarus, Kazakhstan, Armenia, and Kyrgyzstan. It is the most critical and active Union and regional integration project in central Eurasia since the Soviet Union's collapse.

However, it could not be the main achievement for Russia. The EEU cannot support Moscow's strategic goals and ambitions. Moscow has failed to integrate a significant number of former Soviet republics into the EEU. Russia has faced significant challenges in regional convergence and regionalism. The waves of globalization and democratization and a strong tendency to the West in the breakaway republics of the Soviet Union, as well as their distrust of Moscow, have challenged Russian regionalism policy. The influence of Western powers and the strong tendency of near abroad western republics to be close to the West and the reduction of dependence on Russia have led them to approach or join Western-led institutions and power structures such as NATO and the European Union. Hence, divergence and centrifugal forces became highly active in the Eurasian region and reduced the sphere of influence and the authority of Russia. The Baltic republics (Latvia, Lithuania, and Estonia) soon moved west, and in 2004 all three countries joined the European Union and in 2007, joined the Euro zone. The color revolutions also weakened Russia's position. The color revolutions of Georgia (2003), Ukraine (2004), even Kyrgyzstan (2005), and recently in the form of the Belarusian Protest and Democracy Movement (2020) are clear examples of the former Soviet republics diverging from Russia and paying attention to the West relations. The efforts of Kyiv, Tbilisi, and even Baku to join NATO and the European Union pose a severe threat to Russia. Countries such as Turkmenistan and Tajikistan have also not placed themselves cautiously and conservatively on the strategic agenda goals of Russia. Russia's invasion of Ukraine in February 2022 must be seen in the failure of Russia's regional policies and

NATO's approach to Russia's borders. Therefore, Russia's experiences and efforts for convergence and regionalism with the former Soviet republics in the post-Soviet period have not been successful.

Otherwise, economically, more than 85% of the gross domestic product of the Eurasian Economic Union belongs to Russia (\$ 1.7 trillion). Given the small size of the economies of the other four countries, Russia will have no significant economic trade with them. It should be noted that the total economy of the EEU (\$ 1965 billion) is less than that of Italy (\$ 2001 billion) and about the size of Canada or Brazil, and slightly larger than South Korea's GDP (IMF,2020; World Bank,2021). Therefore, we are not facing a structural change in the regional economy, and we cannot expect the EEU will cause economic development in the region.

In the form of a Russia-centered Eurasian Union, Russia, in addition to maintaining close ties with Kazakhstan and Belarus, has prevented Armenia from cooperating with the European Union. Russia, through Armenia, has been able to extend the borders of the Union to the strategic country of Iran, which opposes the West. Economically, Armenia has little effect on Eurasian economic relations due to its small and weak economy (\$ 13 billion GDP) (IMF,2020). Even Armenia does not share a border with other members of the Eurasian Economic Union. Armenia's GDP is five times smaller than that of the weakest economy of the three founders of the Union, Belarus. Kyrgyzstan's economy is even smaller than Armenia (\$ 8 billion GDP). It cannot be significant in regional economic programs (Mostafa and Mahmood,2018; World Bank,2021). Therefore, the membership of Armenia and Kyrgyzstan in the EEU has geopolitical significance to the EEU and Russia and accounts for the geopolitical success for the Kremlin. There is no doubt that the priority of Moscow in establishing the EEU is geopolitical (Veicy,2023:177). Through the membership of Armenia and Kazakhstan in the EEU, Moscow seeks to expand its influence in Central Asia and the Caucasus regions and to prevent Chinese influence in Central Asia and the West in the Caucasus.

Economically, the EEU members are not good economic complements to each other. The crucial economic partners of the Eurasian Economic Union are the European Union (53% of exports and 41% of imports) and China (13% of exports and 23% of imports). Among the value of export goods of the EEU, 59% of exports are related to energy carriers (Eurasian

Development Bank,2019). According to the Eurasian Development Bank (EDB) (2019), the EEU's significant share of foreign trade is with third countries. Approximately 92 percent of its foreign trade is with third countries, and the trade volume between the Union countries is less than 8 percent). In this indicator, compared to the European Union, the trade ratio between the EU members is 64 percent (Giucci and Mdinaradze,2017:16-17). From the beginning of the Eurasian Economic Union in 2015 to 2018, the share of trade between member countries has not changed significantly and has remained the same at 8% (Eurasian Development Bank,2019). Although it has increased slightly in terms of volume and value, its percentage and share concerning the total foreign trade of member countries have practically not changed. This small amount is also between Russia and other members. Otherwise, there is no economic exchange between Armenia and Kyrgyzstan or between Kyrgyzstan and Belarus. Therefore, there is no high potential for trade and commerce activities among union members.

It should not be ignored that the EEU is in a perfect position in terms of hydrocarbon resources and production, which, of course, is entirely in the hands of Russia and Kazakhstan. More than 14% of world oil production (13.5 million barrels per day) (12.1% Russia and 2% Kazakhstan) and about 18% of world natural gas production (702 billion cubic meters) (17% Russia and 0.6 % Kazakhstan) belongs to the Eurasian Economic Union (BP, 2020). However, according to the EEU's charter, energy carriers are not subject to preferential tariffs, and making policy on this subject has been postponed to the future.

It seems that contrary to the economic name of the Union, the geopolitical and political goals are crucial to Russia.

### **3-2 .The Islamic Republic of Iran, Regional Politics, and the EEU**

Iran, as well as Russia, experienced a fundamental political and geopolitical transformation in the contemporary period. The Islamic Revolution of Iran (1979) was one of the significant events of the twentieth century (Saikal, 2021:vii). One of its essential consequences was Iran's withdrawal from the Western camp and alliance with the United States, and its turn to pursue an anti-Western and anti-US regional politics. In other words, in the late 1970s, Iran changed from a strategic ally of the West to a player of anti-American role in international relations. Accordingly, the revolutionary and Shiite

ideology of the Islamic Republic of Iran was not welcomed by the Western powers, and Iran's radical approach to international relations and the global geopolitical structure caused a challenging context for the role of Iran in international affairs. It also disrupted the regional order and challenged for the regional security and geopolitical structure with the idealistic goals and especially the discourse of exporting the Islamic Revolution (Ramazani, 2013:80-81). However, Iraq's imposed war on Iran (1980-1988) and international pressure on the Iranian revolution posed significant challenges to Iran's regional idealistic policies. Ayatollah Khomeini, the leader of Iran died after a decade of the Iranian revolution and in the end of the Iran-Iraq war. The election of Hashemi Rafsanjani as president in August 1989, Iran entered a new period. Since then, Iran has been free from the scourge of war and internal insecurity, and Iran's regional policies have changed relatively. Iran changed its priorities from revolutionary Islam to domestic consolidation politics and economic reconstruction (Hunter,2003). In Hashemi Rafsanjani's presidency (1989-1997), idealistic policies such as the export of the revolution gave way to pragmatic and realistic policies such as prioritizing national interests and good neighborly relations in regional politics (Haynes,2021; Ramazani,2013:102; Wastnidge and et al.,2017:1). He attempted to expand the bilateral and multilateral relations, especially with the neighbors. Milani believed that President Rafsanjani had ambitions to move Iran "further away from adventurism toward pragmatism" (Milani, 1994:232). Osiewicz argued that Hashemi Rafsanjani was convinced that foreign policy should be insulated from domestic ideology (Osiewicz, 2020:66). During this period, the Islamic Republic of Iran was trying to restore its international relations with the discourse of detente. Since then, convergence and regional policies have attended in Tehran.

Simultaneously, the collapse of the Soviet Union in 1991-1991 provided more opportunities for Iran's regional policies (Efegil and Stone,2003). The Iranian revolution, which had won with the slogan "neither the East (Soviet Union) nor the West (US)", was now witnessing the collapse of one of the poles of power on its northern borders. The event approximately opened the door for Iran to play a role in regional politics and sought to break free from international pressures and the geopolitical dilemma of the West.

In the 1990s, Tehran attempted to use the capacity of the Economic Cooperation Organization (ECO) and the Organization of the Islamic

Conference to prove its legitimacy and international acceptance and even sought to lead and revive the Islamic identity of Muslim countries. Less than two months after the official collapse of the Soviet Union (September 25, 1991), at the initiative of Tehran, the ECO Summit (Turkey, Iran, and Pakistan) was held in Tehran in February 1992. The meeting paved the way for the membership of the newly independent Islamic Republics of Central Asia and The Caucasus (Azerbaijan, Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan, and Kyrgyzstan) together with Afghanistan to join the ECO (Banuazizi and Weiner,1994; Pomfret,1997). Iran wanted to form the largest non-Arab regional Islamic organization. The newly independent Islamic states, liberated from Kremlin rule, sought to restore their identity and strengthen their power in connection with neighboring countries and economies outside the core of Eurasia (Russia).

Meanwhile, Iran had the most historical and cultural commonalities with these countries. However, Iran, for various political and ideological reasons and a security opinion on regionalism, failed to seize the golden opportunity created by the fall of the Soviet Union and the geopolitical vacuum in Central Asia and the Caucasus. Based on its revolutionary ideology, Iran sought ideological influence among the newly independent Muslim nations of the Soviet Union (Hunter,2003:133).

The Islamic Republic of Iran sought regional convergence not based on economic logic and advantages but in pursuit of its own political, ideological, and security goals and to counter the expansion of the Western sphere of influence and interests. Simultaneously, Russian and US opposition to Iran's influence in the Central Asian and Caucasus republics has hampered the success of Iran's regional policies in the region.

During the presidency of Mohammad Khatami (1997-2005), the principles of the foreign policy of the Hashemi government continued, and by presenting the theory of "the dialogue of civilizations", the international atmosphere for Iran also found a better situation (Wastnidge,2011). Immediately, Tehran held the eighth summit conference of Islamic countries in December 1997, and turned the focus of attention to the Islamic countries and the region (Islamic Summit Conference,1998). Accordingly, Iran made a good effort to break out of geopolitical isolation and prove itself through regional policies. However, Tehran's ideological and geopolitical goals and the historical roots of distrust and regional rivalry failed to achieve

sustainable convergence and economic interests. Iran, which sought to rebuild and strengthen its situation in the international system, suddenly entered an erosive phase of political conflict with the West with the revelation of its nuclear program.

President Ahmadi-Nejad's discourse of restoring the revolution and radical policies (2005-2013) increased tensions between Iran and the West (Ehteshami and Zweiri, 2008:xv; Juneau and Razavi, 2013). The extensive US sanctions against Iran, even sometimes the UN Security Council and the European Union sanctions, have resulted from the confrontation between Iran and the West. Hassan Rouhani sought to rebuild the complicated relationship of distrust between Iran and the West, which resulted in "The Joint Comprehensive Plan of Action" (the nuclear agreement between Iran and the P5+1) and canceled UN sanctions and part of the Western sanctions against Iran. In recent years, the withdrawal of the United States from The JCPOA, "maximum pressure" policy and the increase of sanctions by Trump's administration have put Iran in economic isolation. Generally, multiple sanctions have put the Islamic Republic of Iran in a difficult economic situation and on the periphery of international relations.

In 2003, the fall of the Ba'ath regime in Iraq was one of the turning points in Iran's regional and foreign policy. Iran's religious and historical background with Iraq led to closer and stronger relations between the two countries. Iran's connection through Iraq to Syria, Lebanon (Hezbollah), and Palestine (Hamas), and their Shiite and anti-Israel ideology led to the formation of an informal Iranian-led coalition called "the Axis of Resistance" (Soltaninejad, 2019:716). It has been the most important achievement of the Islamic Republic of Iran in regional politics for more than four decades.

Obviously, Iran's informal regionalism is within the framework of Axis of Resistance countries with political and security goals and its economic and geo-economic interests are not clear to Iran. At the same time, it has activated resistance and many geopolitical challenges in the region and the world against Tehran. There is no denying that extensive US sanctions against the Islamic Republic of Iran, the cooperation of some Western powers in the region, and Iran's radical anti-Western ideology and foreign policy have put Iran's international relations in a complex geopolitical position.

The anti-Western political ideology of the Islamic Republic of Iran and Russia and the geopolitical dilemmas imposed by the United States and its allies against the Islamic Republic of Iran and the Russian Federation are common to the two countries. Russia and Iran have suffered severely from Western sanctions in recent years, and Western powers have always been an important obstacle to the spatial expansion of Iran and Russia's sphere of influence and development in neighboring and peripheral environments. In such a geopolitical atmosphere, recently, the two countries of the Islamic Republic of Iran and Russia have come closer to each other. The Islamic Republic of Iran, which has not been able to enter the processes of regionalism and convergence in the Persian Gulf, West and Southwest Asia, the Indian subcontinent, the Caspian region, and even the Persian-speaking countries, has inevitably moved towards Russia and The Eurasian Economic Union due to geopolitical necessity; while logically, the EEU region should be Iran's next priority in regional politics.

For the first time in the more than four decades of the Islamic Republic of Iran, its oil exports dropped to less than 500 thousand barrels per day in 2019 and 680 thousand barrels in 2020 due to the intensification of sanctions (2.4 million barrels per day was in 2017) (OPEC,2021); the annual rate of inflation has reached more than 40 percent, and foreign exchange earnings and GDP has fallen sharply (Central Bank of the Islamic Republic of Iran,2020). In such circumstances, the signing of an economic trade agreement and reducing customs tariffs with the Eurasian Economic Union is a victory for Tehran.

### **3-3 .The Interim Agreement Establishing a Free Trade Area between the Islamic Republic of Iran and the EEU**

Iran proposed to the Eurasian Economic Commission to establish a free trade area between Iran and the Eurasian Economic Union in 2016. The proposal was considered by the members and after two years of negotiations, finally, The Interim Agreement Establishing a Free Trade Area between the Islamic Republic of Iran and the Eurasian Economic Union was signed on May 17, 2018, in Astana, by the Minister of Industry, Mining and Trade of Iran and ministers of the EEU (Eurasian Economic Commission, 2018). It was approved by the Cabinet of Iran in December 2018. According to Article 77 of the Constitution of the Islamic Republic of Iran, all international treaties, protocols, contracts, and agreements must be approved

by the Islamic Parliament of Iran (The Constitution of the Islamic Republic of Iran Last Amended in 1989). Hence, the Interim Agreement was approved by the Islamic Parliament of Iran on June 7, 2019, and it was implemented in November 2019 by order of the President of Iran (Islamic Consultative Assembly,2018).

According to Article 9, the Interim Agreement is probationary for three years, and then, the Parties can agree to continue its implementation in the manner provided for in Article 3 of this Agreement. Article 1 of the Agreement expresses the essential objectives which are the liberalization and facilitation of trade between Iran and the EEU by reducing or eliminating customs barriers and tariffs on goods, creating a platform for the establishment of a free trade area, supporting economic and trade cooperation, creating an appropriate framework to increase closer cooperation in this Agreement and facilitating communication between the parties (Agreement of the EEU-Iran,2018).

Article 1 of the Agreement further states: "The Parties to the Agreement must, from the date of entry into force of this Agreement, reduce or eliminate customs duties and any taxes, charges or other measures are having a similar effect on goods of origin listed in the Annex to the Agreement, They have to act." "The parties must begin negotiations on a free trade agreement within one year from the date of entry into force of this agreement." Under Annex 1 of the Agreement, the Eurasian Economic Union grants preferential tariffs of 502 commodity items in the fields of food, chemicals, construction products, technical and engineering services, and industrial and agricultural products. Similarly, Iran determined 360 items of goods with preferential tariffs. Generally, according to the free trade agreement, about 862 commodity items are subject to preferential tariffs (Agreement of the EEU-Iran,2018).

According to this agreement no tariff will be held on 175 rows of goods, including carpets, pistachio, shrimp, fruit, vegetables, date, sweets, some polymer products, plastic sheets, health products, etc. Other important provisions of the agreement include removing non-tariff barriers, developing customs cooperation, standards, trade facilitation, and the provision of private sector cooperation. Generally, this agreement is the complete trade agreement of the Islamic Republic of Iran with foreign states in the last four decades.

## **6 .Discussion**

### **6-1. Geopolitical Necessity and Fragile Convergence of the EEU (Russia)-Iran**

Regionalism and regional integration are among the central doctrines of states to strengthen and develop themselves in the new age. Regionalism is one of the foundational processes of our time in international relations. Regional identity, shared interests, trust, and political will of the leaders in the region are the basic principles of convergence and regionalism (Mayer, 2015:52; Murray, 2015:17; Slocum and Langenhove, 2005:25). Economic complementary as the significant part of the joint regional interests has an influential role in the success of regionalism and convergence processes. Also, regional convergence policies and regionalism are influenced by the social, cultural and political attitudes and tendencies of citizens. Public encouragement and support for political culture play a direct role in the success or failure of regionalism (Izotov and Obydenkova, 2021:150-151).

Accordingly, Moscow and Tehran have sought to use the capacity of regional convergence and regionalism to rebuild their power and security. However, the essential principles of regionalism are not only in the relationship between the Eurasian Economic Union and the Islamic Republic of Iran but also among the EEU. It seems that Iran-Russia convergence and Iran's cooperation with the EEU is a political and geopolitical project.

Geographically, Eurasia is a mega-continent including Europe and Asia that stretches from the western borders of France and Portugal to the eastern borders of Russia and China and from the northern shores of Russia to the southern shores of the Indian subcontinent and Vietnam. Thus, Eurasia and Eurasianism is a broad and ambiguous concept that includes one mega-continent and several different meso-regions and sub-regions.

Economically, the EEU does not have a substantial weight compared to the economic blocks of the world. The Union has 2 percent (853 billion USD) of world trade and in comparison with its traditional rivals such as the European Union (12210 billion USD), China (4629 billion USD), United States (4211 billion USD), and Germany (2733 billion USD) is much weaker (United Nations Department of Economic and Social Affairs, 2020). Besides, this Union does not have the appropriate economic logic in terms of trade and financial indicators. The members of the EEU are not a good economic complement to each other, and as a result, there is not much trade

among member countries. Russia and the EEU's main trading partners are the Pacific and the EU states. In economic terms, the EEU is not much different from Russia. Russia handles more than 85 percent of the EEU's economy and business activities. Russia's economic cooperation and integration with Armenia, Kyrgyzstan, and Belarus will not increase Moscow's economic power. Therefore, the EEU has not made significant economic achievements for member states in five years of its performance.

According to the Interim Agreement Establishing a Free Trade Area between the Islamic Republic of Iran and the EEU, Iran will have direct access to the five EEU countries for the export of its non-oil goods with reduced preferential tariffs, and in return, the EEU will use the capacity of the Iranian market. However, this capacity limits and cannot create a significant economic change in regional relations. It focuses principally on the trade of agricultural products, construction materials, and some chemical products. Iran and Russia, and other countries of the EEU need new and high technologies, production and conversion technologies, advanced industrial parts, and modern engineering and technical services, which are weak in these fields and cannot support each other. In this sense, the countries of the EEU and Iran are not good economic partners for each other. Iran cannot save its economy by exporting vegetables and fruits to Russia. The main export product of both countries is hydrocarbon energy carriers. Russia and Iran need extensive cooperation in oil, natural gas, and energy pipelines. Not only they do not cooperate in this field, but also they even hinder each other's work.

If Iran fails to resolve its dispute with the West and the issue of sanctions within the framework of the JCPOA negotiations, it will not be able to save its declining economy by approaching Russia. If there are sanctions, even limited economic cooperation with the EEU will be fruitless, and Tehran will face troubles in banking transactions.

Russia is playing a geopolitical game with the West with the card of Iran. Moscow is on the side of Tehran in geopolitical rivalries with the West, which has many challenges. However, it does not have significant cooperation with Tehran in regional geo-economic policies (e.g., gas pipelines and oil) and international economic cooperation, which have fewer challenges. Russia uses its close relationship with Iran to pressure the United States. On the one hand, the delivery of the S-300 missile system and

participation in Iran's nuclear program are in addition to economic benefits for Russia. On the other hand, it is a geopolitical behavior against the West. Moscow both supports Iran and does not support Iran. It cooperates with Tehran in the nuclear program and delivery of the S-300 missile system (but with a long delay), and at the same time, votes against Iran in the UN Security Council. Moscow supports Iran's negotiations with P5+1 and at the same time, does not want Iran to resolve its dispute with the West. The Russian invasions of Ukraine and new Western sanctions against Russia have further complicated Iran-Russia relations. The P5 + 1 negotiation with Iran to revive the JCPOA were overshadowed by this war. The Guardian reported (Wintour,2022) Russia has been accused of trying to take the Iran nuclear deal hostage as part of its wider battle with the West over Ukraine, after it threw a last-minute spanner into plans for an agreement to lift a swathe of US economic sanctions on Tehran. The diplomatic efforts have been sent into a tailspin by Russia's unexpected demand for written guarantees that its economic trade with Iran will be exempted from US sanctions imposed on Russia since its invasion of Ukraine. The obviation of oil and gas sanctions and Iran's free entry into world energy markets is not in Russia's interests. In addition to trying to reach an agreement with the West, Tehran must now obtain Russia's consent. Therefore, there is a kind of mistrust and caution in the relationship between the Islamic Republic of Iran with the EEU and Russia, which cannot lead to stable convergence and strategic alliance. It should not be forgotten that this mistrust has also many historical roots. The relationship between the Russians and the Iranians has been very complicated, tense and unfriendly in the last two centuries.

However, in many cases, regionalism and convergence of countries in the new era are based on economic needs and complementary economic cooperation. The regionalism politics and regional relations of the Islamic Republic of Iran and Russia have a political, geopolitical, and security nature. It seems that the security and political threats of the Islamic Republic of Iran have caused Iran's regionalism attitude to be in the nature of security and political tendencies, and its economic benefit and trade goals to be the second priority. From this perspective, Russia is similar to Iran, and political and geopolitical goals take precedence over economic goals for Kremlin leaders.

It cannot be denied that both countries need economic and trade relations with each other. The USA and the West's sanctions against both countries have increased the incentive to work together. However, practically and economic complementary, the context is not ready between them.

### **7 .Conclusion**

The Russian Federation and the Islamic Republic of Iran have constantly pursued expansion policies. Russia, as a global power and, Iran, as a regional power, have sought to expand their influence through policies of regional convergence and regionalism. In the last two decades, they have become closer due to political and geopolitical issues. In addition to military and security cooperation in the past, they attempt to expand economic integration within the framework of the Eurasian Economic Union.

The Eurasian Economic Union is a young Russian-centric regional organization with the participation of Kazakhstan, Belarus, Armenia, and Kyrgyzstan, which has been active since 2015. Moscow has established the EEU as a symbol of its Eurasianism strategy and regionalism policy and is working to strengthen the EEU through bilateral agreements with other countries. The trade agreement with the Islamic Republic of Iran in 2018 can be evaluated in this regard.

The Islamic Republic of Iran, excluded from regionalism processes in the Persian Gulf, Southwest Asia, the SAARC Union, the Caspian region, Central Asia and the Caucasus, and Persian-speaking countries, has inevitably turned to Russia and the EEU. Tehran, which has been isolated and geopolitically strained under the harshest sanctions and pressure from the West, has signed a trade agreement with the EEU to reduce the impact of sanctions through Moscow's support.

The sanctions and the geopolitical pressure of the West against Iran and Russia are the common problem of the two countries, which has created the context for their closeness and cooperation. This paper asserted that while Russia, the EEU, and Iran are trying to strengthen their economic ties, the size of the EEU economy, the absence of economic complementary and little diversity of goods and services have prevented the proper economic outlook. In addition, trade and commercial relations are limited and laborious in the shadow of sanctions. Therefore, Iran's trade agreement with the EEU and Iran's tendency toward Russia has not been natural processes

but a response to the maximum pressure of the West and a geopolitical and urgent show.

The significant point is that there is deep mistrust between Moscow and Tehran (especially from Tehran) that has historical roots, has intensified the complexity of relations between the two countries. The nature and possible consequences of Iran's relations with Russia are seriously discussed throughout Iranian society. In Iranian society, Russia is accused of violating weapon contracts, sabotaging the JCPOA process, and maintaining close relations with Iran's regional rivals (Israel and Saudi Arabia). While the Iranian government considers Russia to be a powerful military-security guarantor for its stability and survival, the Iranian society considers the convergence with Russia to be a threat to democratic ideals and further hostility the West against Iran. In this atmosphere, the outlook of relations between Iran and Russia and Iran and the EEU seems ambiguous. By on the available data, we cannot expect to form a strategic alliance and a sustainable pact between them.

Analyzing the convergence of Iran with the Russian Federation and the Eurasian Economic Union shows that it is formed less based on trade, commercial and economic relations, and more of its foundation is security, political and geopolitical cooperation.

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