

Virtual Think Tank (ViTTa) Analysis



Russian and Chinese Influence in Iran: Sources and Future Trends

May 2020

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Produced in support of US Central Command (USCENTCOM)

What is ViTTa?

NSI's Virtual Think Tank (ViTTa) provides rapid response to critical information needs by pulsing a global network of subject matter experts (SMEs) to generate a wide range of expert insight. In support of US Central Command (J3), ViTTa was used to address four questions regarding geopolitical stability in Iran. ViTTa reports are designed to provide highly customizable and compelling analyses, reports, and briefings that consider varied perspectives across disciplines, challenge assumptions, provide actionable insights, and highlight areas of convergence and divergence.

Question of Focus

[Q3] What is the source of Russian and Chinese influence in Iran, and how have recent events (incl. COVID-19) changed this?

Subject Matter Expert Contributors

Mr. Eric Brewer (Center for Strategic and International Studies), **Dr. David Edelstein** (Georgetown University), **Prof. Anoush Ehteshami** (Durham University), **Mr. Ilan Goldenberg** (Center for New American Security), **Dr. Mark N. Katz** (George Mason University), **Dr. Daniel Markey** (Johns Hopkins University, SAIS), **Mr. Richard Nephew** (Columbia University), **Dr. Robert Spalding**, BGen, USAF (Ret'd) (Hudson Institute), **Dr. Ariane Tabatabai** (German Marshall Fund of the United States), **Mr. Behnam Ben Taleblu** (Foundation for Defense of Democracies), **anonymous expert**

Russian and Chinese Influence in Iran: Sources and Future Trends

Among all the experts interviewed for this report, there was a general consensus that relations between Iran and both Russia and China are driven by pragmatic considerations. Many described the Iran-Russia and Iran-China relationships as primarily transactional, with each having something concrete the other needs to meet their domestic economic growth and development needs. The experts did identify one interest that all three share: decreasing US global and regional influence (Goldenberg, Edelstein, Katz, Nephew). This interest, rather than any specific affinity for Iran, is what motivates Russian and Chinese actions to shield Iran from the US (Brewer, Ehteshami, Goldenberg, Katz, Markey, Spalding, Tabatabai), despite neither wanting to see Iran gain nuclear weapons (Goldenberg, Katz, Markey). Their willingness to continue to trade and engage with Iran, regardless of international and US censure underlies their influence with the Iranian regime (Nephew). This influence does not equate to trust or liking on Iran's part, however, and while "Iran obviously detests and mistrusts the United States, I think we should also keep in mind that it's quite skeptical of Russian and Chinese motives as well," according to Mr. Eric Brewer of the Center for Strategic and International Studies.

Iran's Relationship with Russia: History and Competition Leave Little Room for Trust

The Iran-Russia relationship endured through the 1990s because Russia was one of the few countries in the world willing to trade arms and nuclear technology with Iran. This cooperation remains a key source of Russian influence in Iran today (Nephew), although Russian influence is constrained by its history of interference in Iran during the Soviet era (Goldenberg, Katz). The controversy that erupted in Iran following the recent basing of Russian bombers at an Iranian airbase indicates that Russian interference is still a sensitive issue for the Iranian population (Goldenberg, Nephew). Moreover, Mr. Richard Nephew of Columbia University argues it has already limited the effectiveness of Russian and Iranian cooperation in Syria.

According to an anonymous expert, shared opposition to many US policies, including US support for anti-Assad forces in Syria, has brought Russia and Iran somewhat closer together over the past ten years. Dr. David Edelstein of Georgetown University notes that their cooperation in Syria has not only each country's individual regional goals, but has complicated the US role in the region. However, it was also suggested that, when the situation in Syria transitions to post-conflict rebuilding, competition between Iran and Russia for "spoils and influence" may emerge (Goldenberg, also: Katz, Tabatabai). The potential for Russia-Iran competition is not restricted to Syria (anonymous expert); they also compete in the global energy market (Ehteshami).

Iran's Relationship with China: Complementary Needs, but Even Less Trust

Nephew suggests that Iranians "distrust the Chinese more now than [they do] the Russians." Sanctions have made Iran economically dependent on China (Markey, Tabatabai), and the pragmatist reformers within the Iranian regime tend to see China's dealings with Iran as opportunistic. Well aware of Iran's exigency, they feel China has "lowballed" Iran on oil prices and sold Iran low quality oil and gas equipment (Nephew, see also: Goldenberg). In addition, China has a reputation with the Iranian population for selling low-quality consumer goods (Goldenberg, Tabatabai, Taleblu). Both at the regime and population levels there is a perception that China exploits Iran's weaknesses for its own economic needs—chief among these oil and gas. Isolation from the wider international community and China's willingness to continue trading with Iran has, however, forced the Iranian leadership to move from its ideological preference for independence: "neither East nor West...neither communism or capitalism" toward an "Eastern orientation" (Taleblu). Dr. Daniel Markey of Johns Hopkins University (SAIS) suggests that the more hardline faction within the Iranian regime sees China as a model for "economic growth without political reform and certainly without democracy or liberal reform." Relatedly, Mr. Behnam Ben Taleblu of the Foundation for Defense of Democracies notes that the Iran Revolutionary Guard Corps (IRGC) are looking to the Chinese Armed Forces as a model for their own regional expansion and influence-building.

Sources of Great Power Influence

Figure 1 below maps how Russian, Chinese, and Iranian common interest in domestic economic growth and development, as well as shared interest in decreasing US influence, interact with the interests of the Iranian regime to create points of influence for Russia and China.

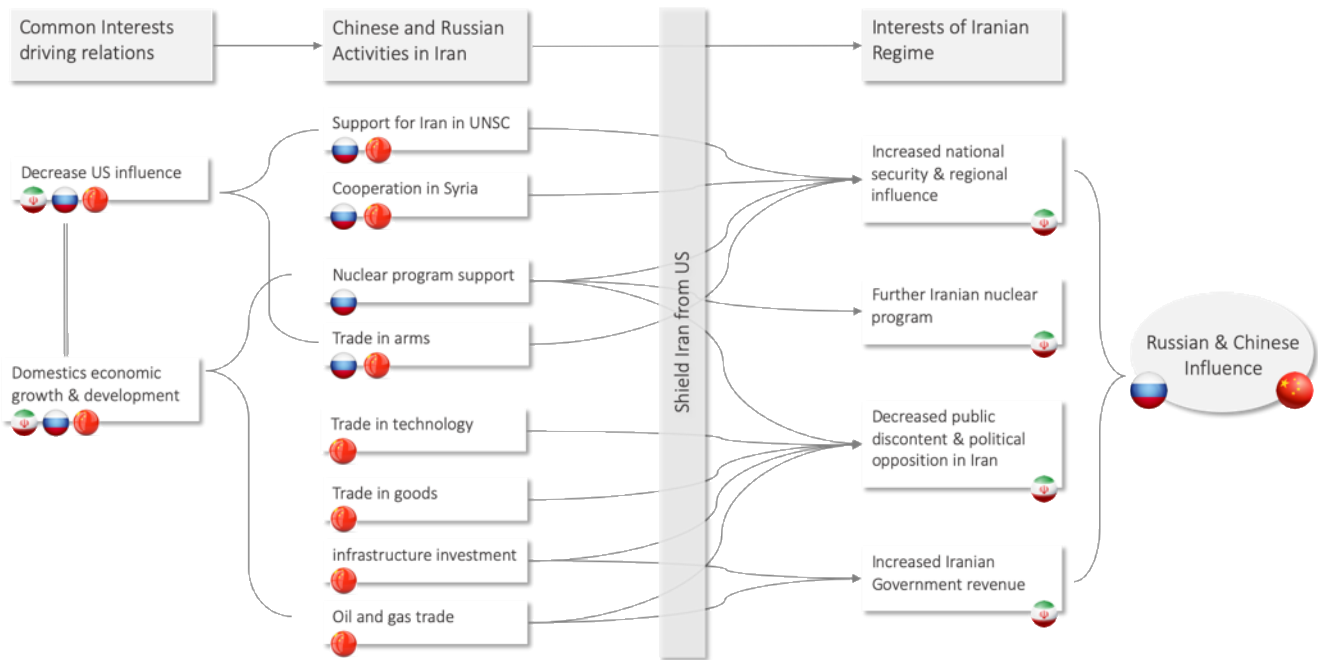


Figure 1: Sources of Russian and Chinese Influence in Iran

A consistent thread running through the experts' discussion of both Russian and Chinese influence in Iran was the three countries' shared interest in decreasing the influence of the United States. Russia's and China's support of Iran in international fora, particularly the UN Security Council and the International Atomic Energy Agency (IAEA), buffers the Iranian regime from the full strength of US political and diplomatic pressure (Brewer, Goldenberg, Ehteshami, Katz, Markey, Spalding, Tabatabai). China's economic clout makes it "the only country that really has the wherewithal to buck US unilateral sanctions kind of openly" (anonymous expert), providing a vital trade partner for Iran while helping China maintain the energy security it requires for its own economic goals.

Sources of Russian Influence: Support for Iran's Security Interests

All Russian activities in or with Iran discussed by the experts relate to Iran's security needs directly, and thus to the legitimacy of the Iranian Regime. In addition to Russian advocacy in the UNSC, the JCPOA, and Syria (discussed above), Russia's primary sources of influence in Iran are its arms sales and assistance with Iran's nuclear program (Brewer, Ehteshami, Goldenberg, Katz, Markey, Nephew).

Arms Sales

Iran's international isolation has left Russia the major arms supplier to Iran for the past decade (Katz, Markey). However, Taleblu suggests that Russian delays in delivery, higher prices, and less choice (for Iran than other states) has potentially contributing to Iran's sense of grievance and lack of trust toward Russia, rather than strengthening their relationship. Both Taleblu and Brewer expect that if the current arms embargo against Iran is lifted later this year, Russia will use the opportunity to expand its conventional weapons sales, furthering its influence as Iran works on its military modernization campaign (Taleblu).

Nuclear Program Assistance

Russia has been the key supplier for Iran's nuclear program over the past three decades (Taleblu). It has played a key role in keeping Iran's nuclear reactors functioning (Katz), and providing Iran with technology and expertise (Nephew).

Sources of Chinese Influence: Meeting Iran's Economic Needs

In addition to providing a buffer to the US in international fora, China also shields Iran from the full economic impact of US sanctions through its purchase of Iranian oil and its willingness to trade and invest in Iran more broadly. As many of the experts emphasized, however, this is a very asymmetrical relationship. Iran needs China much more than China needs Iran, and China does not shy away from using the leverage this economic dependence (Goldenberg, Nephew, Taleblu).

Oil and Gas Trade

Finding customers for its oil and gas is essential to the Iranian economy (anonymous expert). China has long been a very important customer for Iran (Tabatabai), and is currently its major purchaser (Brewer). Furthermore, China has proved itself willing during both this, and previous rounds of sanctions, to purchase Iranian oil illicitly as well as licitly (Goldenberg, Taleblu). Comparatively speaking, however, Iran is less important to China, which has access to multiple suppliers and does not even rely on Iran as its major source (Markey).

Investment

Iran is in desperate need of foreign investment "in industry, in construction, in energy, in health, in everything" (Ehteshami). For this, Ehteshami argues, "it needs Chinese knowhow. It needs Chinese goodwill." China has already invested in infrastructure projects in Iran, including the construction of the Tehran subway (Brewer, Markey, Nephew), but Iran also sees great potential economic advantage to being part of China's wider Belt and Road Initiative (BRI) (Ehteshami, Markey). It cannot fully participate in these, however, while sanctions are in place (Ehteshami).

Trade in Goods

China is also a major source of consumer goods for the Iranian market (Goldenberg); it has "filled Iranian bazars at times when nobody else was exporting into Iran or Iran wasn't able to afford anything from elsewhere" (Markey). While China's ability to provide Iranian's with consumer goods helps offset public resentment toward the government over the economic effects of sanctions, it does not come without a cost. Cheap Chinese imports have hurt domestic manufacturers (Markey).

Arms sales

Like Russia, China has been willing to sell arms to Iran. Although Russia is Iran's major supplier (Katz, Markey), China also seeks to benefit from the expected lifting of the arms embargo on Iran later this year (Brewer). Taleblu suggests that military ties between China and Iran are tightening, which may further increase their currently low security influence.

COVID-19: It is Still Early to Tell, but it Does Not Seem to be Making a Fundamental Difference

Russia, China, and Iran have all been hard-hit by COVID-19. It is still unclear what the span of the pandemic will be, let alone the full extent of its impact on specific countries and their relationships (Edelstein). Most of the experts did not expect to see a significant change in either Russian or Chinese influence in Iran in the short-term, although they also did not express a great deal of confidence in this forecast (Brewer, Ehteshami, Goldenberg, Katz). However, as an anonymous expert noted, while Iran “doesn’t want to be taken advantage of by anyone...global conditions, severe and lasting effects, could throw all of this out of the window.”

There Has Been Some Popular Backlash in the Wake of China and Russia’s Pandemic Response

Several experts did discuss criticism of Russian and Chinese responses by both Iranian officials and the public. Dr. Mark N. Katz of George Mason University quoted a spokesman from the Iranian Parliament, who stated that the crisis showed the Kremlin’s Western orientation because it was quick to send aid the United States, “but not to its tactical partner Iran.” Criticism of China has been more widespread, fueled in part by awareness in Iran that the “economic reliance that Iran has on China was one of the reasons why Iran became an epicenter for COVID-19” (Tabatabai). Tabatabai also noted that Iranian officials have been uncharacteristically willing to criticize China, not only for its slow initial response to the virus, but more generally questioning why Iran feels the need to avoid criticizing Beijing. Goldberg sees some potential for wider popular backlash against China, but among the experts only Nephew suggests this backlash may evolve to have serious political ramifications for the Iranian regime if they seek to strengthen ties with China.

The Collapse of the Global Oil Market May Increase China’s Influence

A post-COVID-19 collapse in the global oil market was one area where experts thought China’s influence in Iran could change, but only in terms of degree. In the short-term it is a buyers’ market and, thus, China’s already significant leverage as Iran’s largest trading partner will only be enhanced by the extreme drop in global demand for oil (Goldenberg, Markey). Markey speculates that China, as it has done with other states, may take advantage of Iran’s economic desperation to further its own long-term strategic goals. However, Markey does note, consistent with an anonymous expert, that Iran would be “really allergic” to becoming even more dependent on China.

If a Pandemic Won’t do it, What Might Change These Relationships?

The transactional nature of Iran’s relationships with Russia and China suggest that if one or the other’s needs or interests change, then so will the relationship. Furthermore, Iran’s lack of trust in Russia (Ehteshami), and resentment of its perceived exploitation by China (Goldenberg, Nephew, Taleblu) suggests that it is necessity, rather than preference that determines Iran’s choice. However, as an anonymous expert pointed out, Iran’s foreign policy is so starkly anti-American that cooperation with Western Europe is difficult, and political alignment with Russia and China much easier. These limitations notwithstanding, are there conditions under which the sources or degree of Russian or Chinese influence over Iran may change?

If Sanctions Were Lifted, Iran Would Likely Expand its Trade Relations

The bottom line is that while the experts agreed that if sanctions were lifted Iran would seek to reengage economically with Europe, no one saw any great likelihood of a political/security reorientation to the West (Brewer, Nephew, Spalding). Access to higher quality goods, (e.g., German, South Korean, and Japanese technology as well as European oil and gas equipment) and the opportunity to reduce their dependence on China (Goldenberg, Tabatabai, Taleblu) would motivate Iran's search for trade partners (Nephew, see also: Markey). Economics aside, however, Iran's interests are not simply better aligned with those of Russia and China, but directly opposed to those of the United States. As an anonymous expert put it: "If Iran had the option of "kinder" powers out there that were willing to provide more, it would go for it. But there is no other option than the US, and for the time being it has cancelled the US as option" (See also: Brewer, Tabatabai)

However, some SMEs cautioned that trust will be an issue. Even if sanctions were removed without condition, Markey warns it going to be difficult to return to the same level of trust as when the JCPOA was finalized. Furthermore, there are "a lot of vested interests in Iran that don't want that sort of Westoxification coming into Iran" (Brewer). All these factors make it most likely that Iran will maintain its relations with Russia and China, even if it does have the opportunity to reestablish economic ties with other states.

If the US Withdraws Further from the Region, Russia and China May Alter Their Behavior, but Not Their Fundamental Relationship with Iran

Both Russia and China have cultivated relations with "essentially every given side of a conflict in the [MENA] region" (Tabatabai, see also: Goldenberg). For China, this strategy is driven by its prioritization of forging economic ties and Beijing's desire to remain clear of the political and security issues of other states and regions (Goldenberg). For Russia, this approach is motivated by a belief that its comparative advantage is its ability to serve as an intermediary and "talk with all sides" (Katz).

This hedging strategy, however, "creates some risk of getting caught making commitments to both [sides] that can't simultaneously be true" (Edelstein, see also: Goldenberg). For it to be a sustainable strategy, there must be a minimum level of stability in the relationships of regional rivals. If security conditions deteriorate, Russia and China may need to modify their strategies. Edelstein considers that a confrontation between Saudi Arabia and Iran would probably result in China pulling back its economic commitments in the region, and Russia selling arms to one or both sides, but not taking direct action to tip the outcome of the fight. Goldenberg sees Russian engagement in Syria and elsewhere as a possible model for a Russian campaign to usurp the US role in the region. He points specifically to Russian arms sales to Egypt (the first since 1978), their—initially—much more effective coordination with the Saudis on oil prices, and Jordan's increasing reliance on Russia for help in Syria. Unlike Edelstein, Goldenberg and Markey consider it possible that China may eventually expand its influence into the security realm, taking on a more active role in securing oil supplies out of the region. What would be in neither power's interest, however, would be for Iran, emboldened by a perceived or actual US withdrawal, to disturb the regional balance. Such disruption would only serve to maintain demand in the region for the US to remain (Katz).

Conclusion: Maybe They Are Just Not That into Iran

When we asked the experts how important Iran is to both Russia and China, their responses boiled down to: well, most of what Russia and China get from Iran they could get elsewhere, but working with Tehran does help

them to challenge US regional interests and undermine US influence. They had little confidence that either would be willing to support of Iran more vocally, especially in the face of increased US pressure (Edelstein, Ehteshami). Markey and Goldenberg mentioned their surprise at how reticent China has been in the wake of the US abandonment of the JCPOA, to extend its influence in Iran. Russia, on the other hand is more concerned about being inveigled by the United States into joining further efforts against Iran. Neither Russia nor China have anything to gain from improved US-Iranian relations (Katz) and “could drop Iran like a bad habit tomorrow and still be quite fine” (anonymous expert). Geopolitical considerations, Iran’s economic conditions, and its political position, combine to make it unlikely that either Russia or China will seek to significantly increase their ties to Iran. However, this same level of indifference also makes it unlikely that, absent acts of regional aggression by Iran, they will be motivated to end their current economic ties with, and muted support for, Iran.
