

## The Role of Iran in the South Caucasus

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### Abstract

Iran's policy in the South Caucasus is shaped by its desire to counter threats from regional and outside powers (US, Russia, Turkey), while expanding its influence in the region. Iran unexpectedly backed Armenia in the Nagorno-Karabagh conflict as a way to balance against Turkey and Azeri irredentist claims inside Iran itself. Georgia's historic relationship with Iran ultimately pushed Georgia closer to Russia, but now Iran has little influence in Georgia. Azerbaijan is the key concern in the region for Iran because it is a potential rival as a Shia-dominated country and an energy power.

### A Difficult Neighborhood

The South Caucasus re-emerged on Iran's agenda after the collapse of the Soviet Union and relations between Tehran and the South Caucasus states are destined to intensify as Iran looks to play a much bigger role in the area. Iran's attitude towards the region is based on two elements—its general foreign policy vision and its historical experience with the South Caucasus.

Iran's foreign policy agenda is clearly dominated by the quest for security and the task of neutralizing external threats. Iran sees threats coming both from the neighborhood and from distant powers that can threaten Iran through its neighborhood.

Historically Iran has lacked the luxury of a friendly environment. In the 18<sup>th</sup> and 19<sup>th</sup> centuries it had to compete and fight with Russia and Turkey. Religious discord also added to the discomfort as Shia Iran lived next to Sunni tribes that coalesced later into the independent Arab states. The perception of hostile encirclement deepened after the Islamic Revolution, which led the country into a self-imposed isolation, being at odds with its neighbors and the US, which had a considerable presence in the region. As an ambitious nation that claims to bear elements of an ancient and unique culture, Iran always sought to be a regional leader and resented the presence of outside powers in its neighborhood. As Russia has lost its pre-eminence in the Caspian basin, the US has become the major source of discomfort for Tehran.

The role of Iran in the South Caucasus is largely defined by this broader context and traditional balance-of-power calculations. As eager as Tehran can be to gain an exclusive sphere of influence or at least to assert itself as a regional power, it still acknowledges its true capacities and external difficulties. Therefore its regional policy is quite cautious and balanced. In particular, Iran definitely dedicates vast resources to the South Caucasus but, at the same time, keeps a low profile in this region, bearing in mind its rather uneasy historical experience with the region.

### Iran's Goals

In brief, Iran must pursue the following goals in the South Caucasus:

- Diminish the influence of the outside powers (namely, the US); thus ensure more security for itself and also acquire space for exerting its own influence
- Achieve a balance of power vis-à-vis other regional players (Russia and Turkey) in the South Caucasus or at least accommodate their interests in the region
- Gain a foothold in the region through economic and (if possible) cultural expansion
- Neutralize the possible threats from the region itself

As a country that once enjoyed a huge influence over the South Caucasus, Iran welcomed the opportunity of re-establishing ties with this region thanks to the collapse of the Soviet Union. The 1990s did not offer any serious opportunities for Tehran to advance its cause. Russia still enjoyed almost exclusive dominance over the South Caucasus as it maintained military bases there. Nevertheless, Russia's influence over the region declined in other ways and vast gaps emerged in the local economy and trade, but these gaps were filled by Turkey which was much better prepared than Iran thanks to its openness to the outside world and its ability to produce cheap consumer goods. Iran simply could not compete with its big rivals and appeared to be doomed to playing second rate role in the region.

### Surprisingly Close Ties to Armenia

Moreover, Iran's stance towards the region was seriously tested by the war over Nagorno Karabagh. The conflict confirmed Tehran's commitment to balance-of-power calculations as it rather openly supported Armenia instead of backing its fellow Shia Muslims in Azerbaijan. *Realpolitik* won out over ideological and religious sentiments despite Iran's strongly manifested dedication to Islamic principles. The support for Armenia grew out of Iran's traditional enmity towards Turkey, which was already emerging as Azerbaijan's new patron, and also fear of growing irredentist sentiments among the Azeri minority in Iran itself. Tehran's *Realpolitik* defi-

nately did not make Azerbaijan happy while Armenia obtained a partner.

This unexpected partnership was to develop further as both countries suffered from isolation (Iran due to international sanctions, Armenia due to its landlocked position and the blockade imposed by Azerbaijan and Turkey). Levon Ter-Petrosyan, the former president of Armenia, admitted that, without Iran, his country “would suffocate in a few days.”<sup>1</sup> Trade relations deepened between the countries: in 2007 the Iranian–Armenian gas pipeline was completed, leading Armenian officials to declare “the end of the blockade.”<sup>2</sup>

At that moment the scope of the bilateral Armenia–Iran partnership looked to go beyond mundane topics of trade and economy because, from the early 2000s, Russian–Iranian relations gained new momentum. Trying to neutralize the American influence in the South Caucasus, Russia intensified its ties with Iran, and Armenia (Russia’s closet ally in the region) automatically became number three in this anti-Western coalition while Azerbaijan–Georgia–Turkey emerged as a pro-Western regional grouping. More recently, as Turkey has assumed a more independent stance in the region and as US–Russian relations have thawed thanks to Obama’s Reset policy, these two coalitions lost their initial connotations. Besides, the Iranian–Armenian gas pipeline never began to function at full capacity since Russia, enjoying monopolist control over the Armenian energy sector, allowed Armenia to import only limited amounts of gas. Iran simply cannot compete with Russia in Armenia but clearly has the upper hand vis-à-vis Turkey, which has sided with Azerbaijan and, more importantly, is burdened with uneasy historical memories—the massacre of Armenians in the Ottoman Empire that Yerevan views as genocide.

### Ties to Georgia

But Iran’s relations with the South Caucasus are also tainted by uneasy memories. Georgia suffered heavily from Iranian invasions that culminated in the burning of Georgia’s capital Tbilisi in the late 18<sup>th</sup> century. That catastrophe led Georgia’s king to decide that he had no alternative but to intensify ties with the Russians, who were fellow orthodox Christians. The latter gradually took over Georgia and later the whole Caucasus, ousting first Iran and later Turkey from the region.

The wars with Iran left an indelible imprint on Georgian historical memory. The most prominent Georgian thinkers and authors drew on examples of Georgia’s heroic resistance against Iranian oppression and, as was

typical, created grandiose legends, which inspired Georgian national pride and served as a tool for nation-building. The anti-Iranian sentiments in Georgia were further boosted in the Soviet era, during which Iran was depicted as Georgia’s main rival and tormentor and Georgia as a victim that was finally saved by Russia, a fellow orthodox nation.

But, at the same time, hardly any other country came as close to Georgia culturally as Iran did. Despite the fact that by fighting the Muslim Iran Georgians defended not only their land but also their Christian identity, Iranian culture penetrated the Georgian consciousness. Some Georgian kings wrote poems in Persian, while many Georgians (along with Armenians) served at the Iranian court and Iranian noblemen married Georgian women. For Georgia these relations are only analogous to its relations with Russia—cultural affiliation mixed with political rivalry.

However, the modern Georgian–Iranian relationship is a far cry from those days. Pro-Western, modernized Georgia hardly has anything in common with Iran except for a handful of expressions and words absorbed from the Persian language. Understanding all these difficulties, Iranians maintain a low profile in Georgia while stressing their peaceful intentions and historical ties to a country toward which they feel a genuine closeness. However, it is increasingly clear that these ties are a thing of the past. Even the introduction of visa-free travel did not boost Georgia’s interest towards Iran, although the inflow of Iranian tourists to Georgia rose sharply and is predicted to rise further.<sup>3</sup> Bilateral trade is insignificant whereas Turkey is Georgia’s number one trade partner and even the Russian–Georgian trade volume is much higher than the level of exchange between Georgia and Iran. Iran does not even enter the top ten of Georgia’s trade partners.<sup>4</sup>

### Iran’s Difficult Relationship with Azerbaijan

Georgia may be considered the most uncomfortable South Caucasian neighbor because of its strong pro-American stance. For that reason Georgia is no doubt one of the main targets of the Iranian special services. The same must be true about Azerbaijan, which several years ago caused even more trouble for Tehran through its ties with the US. In 2003 news spread that American troops were to be deployed on Azeri soil. Speculation on this topic continued for years<sup>5</sup> until it became clear that Washington had no such intentions (or had changed its mind). Tehran replied to these speculations

1 <http://www.1news.az/analytics/20110128124637849.html>

2 <http://www.newsarmenia.ru/arm1/20070319/41661533.html>

3 <http://www.prime-news.net/?p=17464&lang=en>

4 <http://www.civil.ge/eng/article.php?id=23796>

5 <http://www.armeniandiaspora.com/showthread.php?1192-USA-not-to-deploy-troops-in-Azerbaijan-US-general-tells-Armenians>

using a variety of means, including demonstrative flights within Azeri air space.<sup>6</sup>

With the accession of Ilham Aliyev as the president of Azerbaijan in late 2003, Baku's foreign policy gradually became more balanced (the policy of Ilham's father Heydar Aliev was unambiguously pro-Western) and worked to accommodate the interests of all powers, including regional ones. However relations with Iran remain tense. Recently Baku reacted fiercely<sup>7</sup> to comments by the Head of the Iranian General Staff who accused Ilham Aliyev of "ignoring the laws of Islam" and threatened "dark future scenarios." Aliyev himself, according to Wikileaks sources, is alarmed<sup>8</sup> by Tehran's ascendance: Iran still undermines Baku's efforts to resolve the Nagorno Karabagh conflict and warns Azerbaijan on its pro-American stance.

In addition to the traditional balance of power approach that has dominated Tehran's attitude towards the Nagorno Karabagh issue, Iran's Azerbaijani policy is defined by several other factors. First, Iran expects from Azerbaijan, as a fellow Shia nation, much more loyalty to "the common Islamic cause." Realizing that Azerbaijan is a largely secular country, Iran is trying to boost Islamic sentiments through its diplomatic, religious and humanitarian missions. Consequently, the Iranian influence is already noticeable in the southern parts of Azerbaijan, but so far it has had little effect on the main bulk of the population, not to mention the ruling elite. No doubt by boosting Islamic sentiments, Tehran is trying to weaken the Western influence over Azerbaijan. But, on the whole, Azeri society remains docile and loyal to the government no matter how hard Iran tries to affect it. If official Baku continues to support a pro-Western stance then there is hardly anything that Iran or Russia can do about it. Apart from its stable regime, the Azerbaijani ruling elite currently enjoys unprecedented economic growth thanks to high oil prices making it largely immune to outside pressure.

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A second factor behind Iran's Azerbaijan policy is rivalry for energy supply routes. Azerbaijan's role as an energy supplier has increased for the last decade whereas Iran hardly has developed its huge potential due its isolation. As this quarantine continues, Iran is losing precious time and is being left out of major energy projects. Therefore Tehran should be interested in undermining the new energy ventures and gain some time so that when its isolation ends it will be able to join future projects.

#### **Conclusion**

Summing up Tehran's relations with the South Caucasus states, it is clear that Azerbaijan tops Iran's regional agenda. Tehran's policy towards Baku is marked by ambitious designs because Azerbaijan is viewed as a rival that can endanger Iran's positions through its energy resources and by boosting irredentism among the Azerbaijani minority in Iran. Accordingly, Iran sees Azerbaijan as a threat. Armenia is the most comfortable neighbor in the region because of its commitment to Russia which almost nullifies the US influence. However Iran's positions in this country hardly match those of Russia and so Iran is happy just to accommodate Russia's interests there. As for Georgia, it poses no direct threat either by itself or through the US since a US military campaign launched from Georgian soil is hardly possible after the Georgian–Russian war. With these threats neutralized (at least at the moment), Iran's policy towards Georgia is rather lenient. As for gaining a foothold in the region, all of the three countries remain on Iran's radar screen, but Azerbaijan clearly is the number one target.

This is a logical choice because of the potential for Islamic propaganda. As already mentioned, no significant success has been achieved so far but this stance tells us a lot about Iran as a power with regional ambitions and a well-defined agenda for the future.

6 <http://www.centrasia.ru/newsA.php?st=1095830940>

7 <http://vz.ru/news/2011/8/11/514143.html>

8 <http://news.am/rus/news/39747.html>