

A major development in Iran's horizon

Key foundations for implementing Iran-Russia comprehensive cooperation treaty

International Desk A "comprehensive strategic partnership" treaty, signed between Iran and Russia in mid-January in Moscow, serves as a roadmap for enhancing bilateral ties. The 20-year agreement establishes a robust framework that facilitates deeper cooperation across a range of sectors, including economics, finance and trade, energy, security and defense, agriculture, nuclear capabilities, and technology.

Ties between Iran and Russia in finance and trade have a rich history. Now is the time to tap into the potential of this relationship to overcome economic challenges. Last year, trade between the two countries grew by 15%, and the new agreement is expected to accelerate this trend even further. The agenda for this cooperation includes developing joint markets and investing in infrastructure projects. According to the deputy head of the Iranian Parliament's Economy Commission, the agreement "not only does not impose any restrictions on Iran's relations with other countries, but it also serves as a foundation for a vast and sustainable project in the country's economy."

In a recent session titled "Exploring the Comprehensive Strategic Agreement between Iran and Russia," Mehdi Toghiani discussed the country's economic structure. The Islamic Republic News Agency (IRNA) has also examined the foundations necessary for the realization and implementation of the treaty. Both are outlined below:



Iranian President Masoud Pezeshkian (R) and his Russian counterpart Vladimir Putin sign the "comprehensive strategic partnership" treaty in Moscow, Russia, on January 17, 2025.
● www.president.ir



An important point regarding the new strategic agreement between Iran and Russia is the emphasis on strengthening modern areas of cooperation, such as cybersecurity, aerospace, the environment, media, and cultural exchanges, in comparison to the economic and security aspects of previous agreements.

"The Iranian economy has long relied on oil revenues, with many of the nation's needs being met through oil sales. This deep dependency has increased the government's stake in the economy and tied the country's foreign exchange earnings to oil," Toghiani stated during the session.

"Sanctions have exposed the vulnerabilities of this dependence and caused a drop in oil exports to one million barrels per day. While these restrictions have put pressure on the livelihoods of the people, they have also presented a golden opportunity to reassess the country's economic and revenue policies."

"Iran's membership in regional agreements such as BRICS, the Eurasian Economic Union, and the Shanghai Cooperation Organization, as well as enhanced collaboration in the Caspian Sea region, represents valuable outcomes from our interactions with Russia. In the current global economic climate, comprehensive strategic agreements like this one can accelerate the country's economic development," the MP said.

Taqiani elaborated on the dimensions of this agreement: This document, which is the fourth agreement between Tehran and Moscow, consists of a preamble and

47 articles covering various areas including economy, energy, agriculture, environment, transportation, artificial intelligence, and security.

The initial articles of this document emphasize regional security and peace in the Caspian Sea. Expanding provincial connections, increasing joint investments, facilitating trade infrastructure, and strengthening banking cooperation are also key aspects of this agreement that need to be formalized into separate documents.

Foundations for implementation

The collaborations that are set to not only address the obstacles in bilateral relations but also to strengthen and coordinate the decisions and positions of the two capitals on regional and international issues and challenges. This reflects the new approach of Iran and Russia in enhancing bilateral relations and strategically organizing long-term cooperation.

New aspects of cooperation

An important point regarding the new strategic agreement between the two countries is the emphasis on strengthening modern areas of cooperation, such as cybersecurity, aerospace, the environment, media, and cultural

exchanges, in comparison to the economic and security aspects of previous agreements. This indicates that the new treaty has been crafted in response to mutual needs and the evolving regional and international landscape.

Does deal hold potential for short-term improvement?

However, should we view this agreement as a magic wand for bolstering Tehran-Moscow relations? Does the comprehensive cooperation treaty hold the potential to enhance Iran's economy in the short term? The comprehensive strategic agreement opens up vast opportunities for economic cooperation between the two nations. Nevertheless, fully capitalizing on these opportunities requires the establishment of necessary infrastructure and meticulous planning.

In addressing these questions, it should be noted that this agreement provides a framework for cooperation across various fields. Significant changes must be reflected in domestic legislative processes aimed at facilitating and resolving challenges in achieving the agreement's objectives. In other words, this treaty lays the groundwork for the government and Parliament to enact the necessary laws. For in-

stance, this could include easing customs regulations, foreign contracts, and fostering collaboration in new technologies through the private sector.

Key challenges

One of the most pressing challenges facing the execution of this treaty is the lack of adequate infrastructure for the development of exports and transportation, particularly on Iran's side. Iran is striving to boost its non-oil exports and tap into the potential of the Russian market; however, without improvements to transportation networks, port development, expansion of rail and road routes, and strengthening customs structures—and most importantly, without a robust private sector supported by governmental institutions—the goals of this document will be hard to achieve.

Although the agreement emphasizes transportation cooperation and trade facilitation, implementing these provisions requires careful investment and planning from both countries. Another major obstacle to leveraging the treaty's potential is the banking and financial challenges. Given the Western sanctions against Iran and Russia, conducting financial transactions between the two countries is fraught with difficulties.

To address this issue, it is imperative to swiftly establish alternative financial mechanisms, such as utilizing national currencies, creating joint banks, connecting payment networks, or employing alternative payment systems, to minimize the challenges faced by private businesses in establishing trade relations with Russian counterparts. Considering various internal and external issues, expectations regarding this agreement must be realistic. Authorities and media should exercise fairness when discussing the benefits and existing challenges to avoid generating inflated and unrealistic expectations within society in the short term.

Need for groundwork and practical action from both sides

It should be noted that while this agreement lays the groundwork for future collaborations, complete fulfillment will take time and effort from both sides. Some provisions of this treaty may take years to implement, and it should not be expected that all its benefits will materialize swiftly after signing the document. The government and private sector must gradually and purposefully bring the treaty's potentials into action and strategically leverage the opportunities created.

Following this comprehensive agreement, the Iran Chamber of Commerce, Industries, Mines, and Agriculture has expressed its readiness to participate and mobilize advisory and operational capacities to design and implement mechanisms for executing this treaty. They emphasized their belief that the private sector's collaboration with the government can significantly contribute to revitalizing public hope and trust by yielding the fruits of diplomatic efforts. Currently, the Russian market has an import capacity of \$300b, and in recent years, Iran has managed to grow its share from \$218m to nearly \$2b annually. The comprehensive agreement aims to capture \$30b from the Russian import market.

Overall, experts view the 20-year treaty as a platform for developing and strengthening bilateral economic, scientific, technological, and cultural cooperation, which could alleviate the pressures of sanctions on both countries and break trade deadlocks by establishing financial networks and investment opportunities. By creating the necessary infrastructure and taking appropriate actions, both countries can effectively capitalize on this significant opportunity for economic development.