

Iran's Policy in the South Caucasus in the Post-War period

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The South Caucasus was not a priority direction for the foreign policy of Iran over recent decades, as the Middle East remained its main space of action. However, the new status quo in the South Caucasus that emerged after the Second Karabakh War (also known as the 44 Day War) caused concerns in Iran and led it to boost its activities in this region. The purpose of this paper is to understand Iran's interests in the South Caucasus; approaches to specific issues (e.g., the prospects for opening new transport routes); and relations with Azerbaijan, Armenia, and Georgia. The paper concludes that Iran's approach to the South Caucasus is based on traditional concepts of the country's national foreign policy that are determined by a strong historical heritage and fear of foreign intervention. Iran negatively perceives the growing influence of Turkey in the South Caucasus as well as the Azerbaijan–Israel partnership. This has led to diplomatic tension with Azerbaijan and strengthening of existing cooperation with Armenia.

Keywords: South Caucasus, Second Karabakh War, Zangezur Corridor, North–South Corridor, Azerbaijan, Iran, Armenia



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Introduction

Azerbaijan's victory in the Second Karabakh War (or 44 Day War) changed the status quo in the South Caucasus. The liberation of Azerbaijan's territories became a turning point in its modern history and is opening new opportunities and perspectives for the region. In these conditions, other states that have interests anchored in the region should adapt to the new reality.

In this context, special attention should be paid to Iran, which is an important geopolitical player bordering the South Caucasus. Its role is determined by its geographical location; cultural and historical ties; the ambitions of the Iranian authorities; the traditional approaches of Iran to its national interest in international space; and the complex configuration of interstate relations in Western Asia. Iran was not involved in the 44 Day War; however, the overall post-war changes in the regional status quo have influenced its position and forced the Iranian leadership to adapt to the new balance of power. Furthermore, the victory of Ebrahim Raisi in the presidential elections of 2021 created opportunities for a reconfiguration of Iran's approach to regional issues.

This paper aims to explain Iran's main interests and current foreign policy activities in the South Caucasus. The first section characterizes the nature of its relations with the region's states (Armenia, Azerbaijan, and Georgia) as well as Iran's position on the growing influence of other actors in the South Caucasus. The second section describes the Iranian view on one of the key issues on the regional agenda—the development of transport corridors, which has been actualized by the prospect of an Armenia–Azerbaijan normalization process.

Iran's bilateral relations with South Caucasian states

Iran's geopolitical interests are determined by its strategic position, resource potential (natural gas and oil reserves), confessional factor (status as 'the center of the Shia world'), and rich cultural legacy.¹ The roots of the Iranian approach to foreign policy lie in both the country's historical heritage and the modern concept of the Islamic Republic. It seems that its general approach to foreign policy is influenced by fears

1 Sulaberidze, Y. "Kavkazskiy vektor politiki Irana: vchera, segodnya, zavtra," *Russian Colonial Studies*, Vol. 1 (5), 2020, p. 150.

over potential threat of foreign invasion or activities aiming to change the Iranian regime. The internal political balance of power in Iran influences the prospects for the state's foreign policy and its relations with neighbouring countries. The presidential elections of 2021 led to the consolidation of the conservative wing of the Iranian political elite formed around Ayatollah Ali Khamenei: Most likely, Iran will not radically revise its approach to foreign policy, which is informed by a consistent and unchanging assessment of its national interests.

The South Caucasus, where Iran has key economic, military-political, and spiritual interests, remains an important, yet not a priority direction of Iran's foreign policy.² In the South Caucasus it supports close relations with Christian Armenia while taking a more ambiguous approach towards the mostly Shia Azerbaijan. Iran views the South Caucasus through the prism of its relations with its geopolitical opponents. Tehran is concerned about potential use of this regional space as a bridgehead for attacks against Iranian territory.

Meanwhile, Iran supports the creation of the regional '3+3' format for cooperation (Azerbaijan, Armenia, Georgia + Iran, Russia, Turkey) that could serve as a new regional cooperation platform.³ Such regionalism coincides with the interests of Turkey, which also traditionally gave preference to regional cooperation without external influence. However, the strengthening of the position of Turkey, a NATO member state, in the South Caucasus displeases official Tehran, as the South Caucasus region plays a key role in the formation of a link between Turkey, Azerbaijan, and the Central Asian states.⁴

Regional relations with Russia remain non-confrontational. They are partnered on the joint confrontation with the West and mutual support within the framework of multilateral international platforms. In general, Russian–Iranian relations are based not on full-fledged friendship and mutual understanding but on a pragmatic assessment of coinciding interests, as in the case of the development of North–South transportation links in the South Caucasus. However, recent talks at

2 Sulaberidze, *op. cit.*, p. 159.

3 Kaleji, V. "Iran and the 3+3 Regional Cooperation Format in the South Caucasus: Strengths and Weaknesses," *Eurasia Daily Monitor, The Jamestown Foundation*, Vol. 18 (96), June 2021, available at: <https://jamestown.org/program/iran-and-the-33-regional-cooperation-format-in-the-south-caucasus-strengths-and-weaknesses/> (accessed: 14 October 2021).

4 Interview with Turgut Kerem Tuncel, Senior Analyst of Center for Eurasian Studies, Ankara, Turkey (via Zoom), Baku-Ankara, 7 September 2021.

the level of foreign ministers demonstrated the different priorities of both sides in bilateral relations.⁵ Iran is eager to criticise Azerbaijan's regional policy, but Russia has expressed its regret over any military activities in the South Caucasus, hinting at Iranian exercises near the borders of Azerbaijan, and noted the concern of the Azerbaijani authorities over these events.⁶

Formally, Iran is demonstrating a constructive position in relation to cooperation with all states of the South Caucasus. Officially, it seeks to pursue a balanced, independent foreign policy in the region, refrains from interfering in the internal affairs of these states, and does not seek to influence their foreign policy orientation.⁷

However, in practice, Iran's declared neutrality in Caucasian issues does not correspond to reality. Iran is especially concerned about the changing balance of power in the region after the Second Karabakh War that is determined by the close military–political cooperation between Azerbaijan and Turkey. That is why Iran is interested in deepening cooperation with Armenia,⁸ which Iran views as a natural geopolitical ally in the Caucasus capable of opposing the Turkey–Azerbaijan–Pakistan axis. The Russian factor also influences the nature of Iranian–Armenian relations. The geopolitical axis Moscow–Yerevan–Tehran continues to exist in the South Caucasus in response to the Turkey's regional alliances.

Armenia, which *de facto* has lost its sovereignty and remains under the influence of Russia, plays a subordinate role in this format. Armenia is primarily important for Iran not as an equal partner but as an instrument used against Turkey's influence. Iran generally benefits from the situation in which Armenia acts as a barrier between Turkey and

5 Kommersant.ru “S zhaloboy na Baku. Sergey Lavrov i noviy glava MID Irana sfokusirovalis na raznom,” 6 October 2021, available at: <https://www.kommersant.ru/doc/5019338> (accessed: 14 October 2021).

6 Mid.ru, “Vystupleniye i otvety na voprosy SMI Ministra inostrannikh del Rossiyskoy Federatsii S.V.Lavrova v khode sovmestnoy press-konferentsii s Ministrom inostrannikh del Islamskoy Respubliki Iran KH.Amirom Abdollakhianom po itogam peregovorov,” Moscow, 6 October 2021, available at: https://www.mid.ru/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/4881252 (accessed: 28 October 2021).

7 Notum.info, “Mekhdi Khosseyini: ‘Regionalniye problemi dolzhni reshatsya regionalnimi stranami.’” 4 August 2014, available at: <http://www.notum.info/news/politika/mexdi-xosseyini-regionalnyie-problemyi-dolzhnyi-reshatsya-regionalnyimi-stranami> (accessed: 18 September 2021).

8 Huseynov, R. “North-South Corridor: A New Breath for Armenia?” *Newgeopolitics.org*, 13 September 2021, available at: <https://www.newgeopolitics.org/2021/09/13/north-south-corridor-a-new-breath-for-armenia/> (accessed: 14 September 2021).

Azerbaijan, as well as between the Nakhchivan Autonomous Republic (Azerbaijan) and the southern-western districts of Azerbaijan.

Iran's support of Armenia is clearly reflected in an effort to increase the annual bilateral trade turnover from \$400 million up to \$1 billion per year.⁹ The new President of Iran, Ebrahim Raisi, indicated energy exchange, transportation, joint production projects, and financial exchanges as the priority areas of cooperation with Armenia.¹⁰ The provision of a stable electricity supply from Armenia to Iran through the construction of new high-voltage transmission lines between the states is considered to be a promising direction for partnership.

While Iran has a negative attitude towards the possible rapprochement of Armenia with the West, the Iranian authorities positively view the strengthening of Armenia's relations with Russia and its Russia-dominated integration structures. Armenia is the only South Caucasian member of the Eurasian Economic Union (EAEU), with which Iran is negotiating to conclude a fully fledged free trade agreement. Thus, Iran considers Armenia a natural bridge for its ties with the EAEU countries. Moreover, the Armenian route has been used as a backdoor to bypass the sanctions regime established by the U.S.A. Nevertheless, the transit potential of Armenia remains limited due to the poor state of its transport infrastructure and the mountainous landscape.

The religious factor plays an important role in Iran's foreign policy: however, it did not hinder the development of relations with Armenia to counter the strengthening of Turkish influence. Moreover, the new conservative leadership of Iran takes a restrained position towards Azerbaijan—despite all the statements about friendly and good-neighbourly relations. Iran takes an ambivalent approach in regard to Azerbaijan. On the one hand, Tehran is satisfied with Baku's pragmatic view on the political ties with the West as Azerbaijan's non-alignment meets the expectations of the Iranian authorities. On the other hand, Iran has a negative attitude regarding the strengthening of Azerbaijan's partnership with Turkey, as well as that with Israel. Together, these factors contribute to the formation of official Iran's restrained position on issues

9 Davtyan, V. "V Zakavkazye obostryayetsya konkurentsya mezhdu Turtsiyey i Iranom vokrug transportnykh koridorov," *Eurasia.expert*, 27 August 2021, available at: <https://eurasia.expert/zakavkaze-konkurentsya-turtsiyey-i-iranom-transportnykh-koridorov/> (accessed: 21 September 2021).

10 Tasnimnews.com, "Iran eyes closer cooperation with Armenia," 21 September 2021, available at: <https://www.tasnimnews.com/en/news/2021/09/21/2576413/iran-eyes-closer-cooperation-with-armenia> (accessed: 25 September 2021).

of political interaction with Azerbaijan. An example of this is ‘the wait-and-see’ attitude taken by Iran during the Second Karabakh War.

Recently, Azerbaijan–Iran relations have been harmed by certain actions of the Iranian side. These tensions were caused by the transportation of Iranian goods through the Lachin corridor¹¹ to the territories (the mountainous part of Azerbaijan’s Karabakh region) that remain under the temporary control of a Russian peacekeeping force without coordination with Azerbaijan;¹² the detention of Iranian truck drivers on the section of the Goris–Kapan highway that remains the only link between Armenia and Iran, but passes through the territory of Azerbaijan;¹³ the employment of Iranian citizens in projects implemented by Armenian separatists remaining in the Karabakh region;¹⁴ and the visit of the Iranian Ambassador to Armenia to the border with Azerbaijan, which was organized by the Armenian authorities to present their position on the border dispute.¹⁵

The South Caucasus also acts as a transit route for the export of drugs from Afghanistan and Iran to Europe. For decades during the occupation, Azerbaijan’s formerly Armenian-occupied territories were a ‘Gray zone’ and remained an important element in illegal activities.¹⁶ However, during the Second Karabakh War, Azerbaijan regained full control over its border with Iran. The attempts of the Azerbaijani State Customs Committee, the State Border Service, and the Ministry of Internal Affairs to prevent drug trafficking led to shootout incidents

11 Lachin corridor is a mountain route that links Armenia and the Karabakh region of Azerbaijan, which remain under control of the temporarily stationed Russian peacekeeping contingent in accordance with the 10 November trilateral statement of Azerbaijan, Armenia, and Russia.

12 Mfa.gov.az, “No:303/21, Information of the Press Service Department of the Ministry of Foreign Affairs of the Republic of Azerbaijan on the meeting with the Ambassador of the Islamic Republic of Iran at the MFA,” 11 August 2021, available at: <https://www.mfa.gov.az/en/news/no30321> (accessed: 15 October 2021.)

13 TehranTimes.com, “FM: Iran upset over Azeri improper treatment toward Iranian truck drivers,” 1 October 2021, available at: <https://www.tehrantimes.com/news/465642/FM-Iran-upset-over-Azeri-improper-treatment-toward-Iranian-truck> (accessed: 15 October 2021).

14 Report.az, “Predstavivshiy na iranskom sayte Karabakh territoriyey Armenii izvinilsya za svoyu oshibku,” August 21, 2021, available at: <https://report.az/ru/karabakh/predstavivshij-na-iranskom-sajte-karabah-territorij-armenii-izvinilsya-za-svoyu-oshibku/> (accessed: 15 October 2021).

15 Mil.am, “The Ambassador extraordinary and Plenipotentiary of the Islamic Republic of Iran to the Republic of Armenia visited Gegharkunik region,” 3 August 2021, available at: <https://www.mil.am/en/news/9734> (accessed: 14 October 2021).

16 President.az “Ilham Aliyev attended CIS Heads of State Council’s session in video conference format” (text of Ilham Aliyev’s speech), 15 October 2021, available at: <https://en.president.az/articles/53478> (accessed: 15 October 2021).

with casualties among servicemen at the border with Iran.¹⁷ Albeit Iranian officials have denied their involvement in the drug trade,¹⁸ there is every reason to believe that, in this case, Azerbaijan is opposing the illegal cross-border activities of Iran.¹⁹

Iran's military exercises near the border with Azerbaijan in September to October 2021 were perceived as another unfriendly step and a flexing of muscles directed against Azerbaijan.²⁰ Iranian authorities claimed the right to implement any such drills on its territory; however, Iranian Foreign Minister Hossein Amirabdollahian stated that Iran's actions were driven by the desire to confront the 'Zionist regime's' presence along its national borders.²¹ President Ilham Aliyev had no objections against first Iranian statement but, at the same time, he noted that, in context, the timeline of Iran's military activities on the Azerbaijani border looks very suspicious. He expressed concerns over the fact that Iran did not implement any drills in the region during the years of the Armenian occupation of Azerbaijan's territories but turned to such practices following Azerbaijan's victory in the Second Karabakh War.²²

The threat of Iran using proxy forces and hybrid methods of influence against neighbours remains real. It could take the form of support for radical religious groups and attempts to artificially provoke the separatist movement of the ethnic Talysh minority in Azerbaijan. However, in the conditions of the patriotic upsurge caused by Azerbaijan's victory in the Second Karabakh War, such actions have no chance of success in the immediate future.

The multimillion ethnic Azerbaijani population of Iran's northern

17 AzerNews.az, "State border service foils drug smuggling on Iran border," 17 May 2021, available at: <https://www.azernews.az/nation/179015.html> (accessed: 14 October 2021).

18 Mfa.gov.ir, "Iran rejects Azeri president's new surprising claims," 15 October 2021, available at: <https://en.mfa.gov.ir/portal/NewsView/655424> (accessed: 15 October 2021).

19 Ahmadov, I. "Islamic revolutionary guards and the problem of drug trafficking in Iran," Politicon Policy Paper, September 2021, pp. 7–8, available at: <https://politicon.co/en/analytics/116/islamic-revolutionary-guards-and-the-problem-of-drug-trafficking-in-iran> (accessed: 15 October 2021).

20 Apa.az, "Politolog: Ucheniya Irana u granits Azerbaydzhana - nedruzhestvennyy shag," 20 September 2021, available at: <https://apa.az/ru/xeber/vneshnyaya-politika-azerbaydjana/politolog-uceniya-irana-u-granic-azerbaydzhana-nedruzhestvennyi-sag-457186> (accessed: 24 September 2021).

21 Mfa.gov.ir, "New Azeri ambassador submits copy of credentials to Iran FM," 30 September 2021, available at: <https://en.mfa.ir/portal/newsview/653774> (accessed: 15 October 2021).

22 President.az, "Ilham Aliyev's interview with Turkish Anadolu Agency," 28 September 2021, available at: <https://en.president.az/articles/53249> (accessed: 15 October 2021).

regions remains an important factor. The Azerbaijani population of Iran plays a deterrent role in relations between two states. An open confrontation with Azerbaijan could cause a negative reaction from these people that would lead to massive anti-government protests. At a time when Iranian authorities have to take into account other relevant sources of protests—caused primarily by the catastrophic socio-economic situation due to the resumption of U.S. sanctions—they are trying to minimize the risks from this direction.

The nature of Georgia–Iran relations is influenced by the geopolitical orientation of Tbilisi. Iran is not satisfied with the increasing influence of the West in Georgia and its participation in the projects implemented by Turkey and Azerbaijan. In general, Iran clearly understands the special geopolitical transit position of Georgia in the South Caucasus. Tehran implements a flexible and pragmatic policy towards this state. It also takes into account the context of Russia–Georgia relations. For example, Iran refrained from criticizing Russia during the Russia–Georgia war in 2008, but it did not recognize the ‘independence’ of the separatist regions of Georgia occupied by Russia. In the political field, a cooling of relations was experienced when Georgia unilaterally cancelled the visa-free regime with Iran in 2013 (as a sign of solidarity with the UN’s anti-Iranian sanctions).²³ At the same time, from an economic point of view, Iran has interests in Georgia in the context of the development of the Persian Gulf–Black Sea transport corridor.

Iran’s Position on the Transport Corridors in the South Caucasus

Iran is concerned about the sanctions that the U.S.A. and its allies are imposing against Tehran. Under these conditions, Iran’s access to international communications and the implementation of regional transport projects become vital tasks.²⁴ The regional policy of Iran in the conditions of stable mutual understanding between Ayatollah Ali Khamenei and new President Ebrahim Raisi will be directed at supporting the restoration of transport links in the South Caucasus.²⁵

23 Ivanov, V. “Gruzino-iranskiye otnosheniya do i posle ‘yadernoy sdelki’ s Tegeranom: dinamika i perspektivy razvitiya,” *New Eurasia*, Vol. 5 (50), 2018, p. 114.

24 Glavcom.ua, “Gela Vasadze: Geopolitika transportnykh koridorov na Yuzhnom Kavkaze,” 11 October 2021, available at: <https://glavcom.ua/ru/interview/gela-vasadze-geopolitika-transportnyh-koridorov-na-yuzhnom-kavkaze-790353.html> (accessed: 15 October 2021).

25 Poghosyan, B. “Opinion: Under President Raisi, Iran remains very interested in the South Caucasus, and in remaining a player in the region.” *Commonspace.eu*, 10 August 2021, available at:

The ultimate goal of Iran is to combine several communications projects to increase the economic benefits of each of them.

Therefore, Iran relies on ‘combined intermodal transport’—a combination of sea, land, and rail routes. In this regard, Iran intends to connect its ports in the Gulf of Oman (Chabahar) and the Persian Gulf (Bandar Abbas, Bandar-e Emam Khomeyni, and Khorramshahr) in the south with ports located on the Caspian Sea (Amirabad, Nowshahr, Bandar-e Anzali, and Astara) in the north through the Iranian railway network.²⁶

The situation is complicated by the level of development of the Iranian railway network, as well as the blocking of regional transport routes between the South Caucasian states. At the moment, Iran has only one railway exit in the northern direction, which leads from Jolfa to Azerbaijan’s Nakhchivan Autonomous Republic.

Iran demonstrates different positions on the specific directions of development of transport communications in the region. First of all, Iran is interested in strengthening the route to the north. This will ensure stable ties with its geopolitical partner, Russia. It will also strengthen Iran’s transit role on the route from East and South Asia to Europe.²⁷ At the same time, the intensification of work on the East–West corridor through the states of the South Caucasus does not correspond with Iranian interests. Economically, it creates an alternative to the transport route that passes exclusively through Iranian territory.²⁸ It is not beneficial for Iran to create even the smallest prerequisites for strengthening ties within the ‘Turkic world.’ Moreover, Iran is interested in preserving its transit role for the communication link between the southern-western regions of Azerbaijan and its Nakhchivan Autonomous Republic.

Iran’s position towards the perspective of unblocking the Zangezur Corridor²⁹ is formed on the basis of the above-mentioned arguments.

<https://www.commonspace.eu/opinion/opinion-under-president-raisi-iran-remains-very-interested-south-caucasus-and-remaining> (accessed: 12 September 2021).

26 Kaleji, V. “Iran Drives Development of Persian Gulf–Black Sea International Transport and Transit Corridor,” *Eurasia Daily Monitor*, Vol. 18 (112), July 2021.

27 Silkroadbriefing.com, “Iran–Russia rail corridor direct to Europe,” 12 September 2017, available at: <https://www.silkroadbriefing.com/news/2017/09/12/iran-russia-rail-corridor-direct-europe/> (accessed: 15 October 2021).

28 Baghirov, O. “The impact of the opening of Zangezur corridor on regional transportation and communication lines,” AIR Center Paper, August 2021, available at: <https://aircenter.az/uploads/files/Zangezur%20Corridor.pdf> (accessed: 29 October 2021).

29 The Zangezur Corridor is a concept for a transport corridor between western regions of Azerbaijan (main territory) and Nakhchivan Autonomous Republic through the Syunik region of Armenia.

From the Iranian point of view, this shortest route to Nakhchivan is too lucrative for Azerbaijan and Turkey. Iran did not, however, object to the unblocking of this transport route;³⁰ nevertheless, officials from the Iranian Ministry of Roads and Urban Development have expressed that hope that it would be used exclusively for the local needs of Baku.³¹ Iranian authorities claim that the transport route through Iranian territory is, in any case, more profitable for the interstate transportation of goods.³²

The priority project for Iran is the Persian Gulf–Black Sea transport corridor. This involves the creation of a stable route from Iran to the Black Sea ports of Georgia. Iran intends to become a transit hub connecting Asian markets with consumers in south-east Europe.³³ Through the participation of a wide range of partners, it will connect the key sea basins of western Asia and eastern Europe. The corridor is also important in the context of reducing Iran’s dependence on Turkey, which, for now, remains the main transit partner for Iranian exports to Europe.³⁴

The project can be implemented in several ways. Considering the transport infrastructure available in the region, the simplest of them involves unblocking the Armenia–Azerbaijan border. The prospects of fulfilment of the conditions of November 10 trilateral statement offer benefits to Iran. It will enable Iran to incorporate the already functioning railway communications with Nakhchivan (through Julfa) into the system of regional transport links. Iranian officials cannot deny such opportunities; for example, the Iranian Minister of Roads and Urban Development, Mohammad Eslami, announced plans to connect the Tabriz–Jolfa railway to Yerevan and Tbilisi via Nakhchivan.³⁵

However, it seems that Iran is seeking to avoid dependence on Azerbaijan

30 Verelq.am, “Iran protiv izmeneniya granits, a ne protiv otkritiya ‘Zangezurskogo koridora’ - posol,” 24 June 2021, available at: <https://verelq.am/> (accessed: 15 October 2021).

31 Farsnews.ir, “Official: New trans-border corridor not to affect transit via Iran,” 18 November 2020, available at: <https://www.farsnews.ir/en/news/13990828000627/Official-New-Trans-Brder-Crridr-N-Affec-Transi-via-Iran> (accessed: 15 October 2021).

32 Baghirov, *op. cit.*

33 3view.az, “Geoekonomicheskoye izmereniye transportnikh koridorov v Chernomorsko-Kavkazsko-Kaspiyskom regione,” 2 September 2021, available at: <http://3view.az/?p=1926> (accessed: 20 September 2021).

34 Kaleji, *op. cit.*

35 Mehrnews.com, “Tabriz–Jolfa train to be connected to Yerevan, Tbilisi,” 26 May 2021, available at: <https://en.mehrnews.com/news/173980/Tabriz-Jolfa-train-to-be-connected-to-Yerevan-Tbilisi> (accessed: 15 October 2021).

when developing transport links in the northern direction, which implies building another stable route bypassing Azerbaijani territory and running through Armenia exclusively. However, implementation of this project will require significant investment, while the prospects of such a route are limited. Now Armenian and Iranian efforts are concentrated on the building of a new transit motorway to create an alternative to the existing route that is partly controlled by Azerbaijan.³⁶ The creation of a railway connection on the Armenia–Iran border is, however, practically impossible because of the difficult mountainous landscape.

In contrast, an alternative rail transport route in the northern direction, dubbed the North–South Corridor, can be created exclusively through the territory of Azerbaijan. This envisages the provision of a land route along the western coast of the Caspian Sea. For now, Azerbaijan has already established a stable railway link from the Russian to the Iranian border. However, the underdeveloped transport infrastructure in Iran remains a problem. To date, only a part of the planned railway, on the Qazvin–Rasht section, is ready. At the same time, the construction of the Astara–Rasht branch has slowed. This has resulted from both the difficult economic situation in Iran caused by U.S. sanctions and the current confrontation between Azerbaijan and Iran.³⁷

While trying to avoid dependence on Azerbaijan, Iran is deepening cooperation with Russia on the functioning of the Trans-Caspian Sea route in the north–south direction. This option, as well as the development of port facilities in the Caspian Sea, is in the interests of both partners, as it provides direct communication between states and eliminates intermediaries.

Conclusion

The South Caucasus cannot be ignored by Iranian authorities, even if this direction of foreign policy is not as important as that concerning the Middle East. The South Caucasus creates transport opportunities for Iran. At the same time, Iran considers the potential of threats from

36 TehranTimes.com, “Iran, Armenia confer on establishing new transit routes,” 8 October 2021, available at: <https://www.tehrantimes.com/news/465760/Iran-Armenia-confer-on-establishing-new-transit-routes> (accessed: October 16, 2021).

37 Vestikavkaza.ru, “Kto tormozit koridor ‘Sever-Yug’,” 7 October 2021, available at: <https://vestikavkaza.ru/analytics/kto-tormozit-koridor-sever-ug.html> (accessed: 15 October 2021).

this direction that could arise owing to the presence of its geopolitical opponents in the regional space.

Iran's South Caucasus policy is directed by general geopolitical factors, in particular, confrontation with the West, and its traditional approach to the assessment of the international environment arising from a fear of foreign intervention. In general, the policy is characterized by an orientation towards strengthening partnerships with Russia and Armenia. However, the new regional status quo formed after the Second Karabakh War is not in Iran's favour. The Armenian defeat and the settlement of the conflict, as well as the prospects of unblocking the Armenia–Azerbaijan border, have given geopolitical preference to other actors such as Azerbaijan and Turkey. Their strengthening is viewed by Iranian authorities as a threat to Iran's national interest.³⁸

The new, conservative government of Iran has faced the need to intensify its foreign policy in the Caucasus. Iran officially declares its readiness to develop mutually beneficial cooperation with its neighbours, but the current confrontation between Iran and Azerbaijan refutes such statements. Iran views Baku through the prism of Azerbaijan–Turkey relations and in light of fears of the alleged Israeli presence on Azerbaijani territory. Iran has concerns over the growing strength of Azerbaijan, because of the Azerbaijani population in Iran, while having fears regarding a potential separatist movement. Also, Azerbaijan's restoration of full control over the border with Iran and the concept of the Zangezur Corridor present alternatives to the traditional transport routes that were used by Iran in the northern direction for both legal and illegal activities.

That is why the Iranian authorities take a restrained but unfriendly position towards Azerbaijan. This is illustrated by the lack of attention to and support of Azerbaijani initiatives, for example, on the issues of transport corridors in the region, and by the development of an Iran–Armenia partnership. In the immediate future, Iran will continue its efforts to revise the renewed regional balance of power. Thus, it will focus on opposing the stabilizing effect of the Azerbaijan–Turkey alliance in the South Caucasus.

38 Report.az, “‘Iran considers itself a loser after the Second Karabakh War’, – Azerbaijani expert,” 4 October 2021, available at: <https://report.az/en/foreign-politics/azerbaijan-s-top-think-tank-says-iran-considers-itself-a-loser-after-the-second-karabakh-war/> (accessed: 10 October 2021).