



Analysis of the Interactions of the Islamic Republic of Iran and the Russian Federation in the Caucasus from the Perspective of Structural Realism Theory

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Article Info	ABSTRACT
Article type: Research Article	The Caucasus region has always been one of the important centers of competition and cooperation between regional and trans regional powers due to its geopolitical location, energy resources, and ethnic-religious diversity. The Islamic Republic of Iran and the Russian Federation, as two regional powers and neighbors with vital interests, have complex interactions in this region that include tactical cooperation. This article analyzes the interactions of Iran and Russia in the Caucasus using the theoretical framework of structural realism (neorealism) by Kenneth Waltz. The main argument is that the anarchic structure of the international system and the distribution of power at the regional level are the main drivers of the behavior and activism of these two countries in the relatively turbulent Caucasus region. Survival, national security, and efforts to increase extend of power constitute the main goals of Iran and Russia, leading to the formation of a model of cooperation in the security, military, strategic, and economic fields (economic projects) based on balance against common threats such as Western influence and competition for regional influence in peripheral crises such as the Karabakh crisis, competition in the field of energy and transit corridors. The present study, by describing, analyzing, and explaining the characteristics of Iran-Russia relations in various historical transitions (past and present), seeks to apply the components that shape the interactions between Iran and the Russian Federation in the Caucasus from the perspective of structural realism (the anarchic nature of relations, survival and national security as the main priority for the survival of the parties, the behavioral pattern resulting from creating a balance, tactical alliance and self-help, and promoting security).
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1. Introduction

The Caucasus region, as a bridge between Europe and Asia, has long played an important role in the political, economic and cultural developments of Eurasia. This region, with its unique ethnic, linguistic and religious diversity, has always been of interest to great empires and world powers. Today, the Caucasus is considered one of the most important geopolitical centers of the world due to its strategic location, energy resources and ethnic tensions. This region, which is located between the Caspian and Black Seas, has always been of interest to global and regional powers. Among the factors of the geopolitical importance of the Caucasus are its geographical and transit location, the transit corridor between Russia, Turkey, Iran and European countries, the location of important energy routes such as the Baku-Tbilisi-Ceyhan pipeline and the South Caucasus gas pipeline and the North-South corridor connecting Russia to India. Other strategic and determining factors of the geopolitical importance of the Caucasus include its energy and economic resources, the Caspian Basin oil and gas reserves, the existence of important energy producers, etc. (Thamudi Pilehroud and Norouzi Zarmehr, 2015: 40-42). Iran-Russia relations in the Caucasus go back hundreds of years. The Russo-Iranian wars of the eighteenth and nineteenth centuries, culminating in the punitive treaties of Golestan (1813) and Turkmenchay (1828), forced the cessation of vast Caucasian territories historically under Iranian suzerainty to the Russian Empire, thereby severely curtailing Iran's traditional hegemony and influence in the region. Consequently, these historical ruptures established a legacy of strategic imbalance that continues to shape the geopolitical calculus and modern interactions between Tehran and Moscow in the Caucasus. During the Soviet era, Iran's borders with the Soviet Socialist Republics of Azerbaijan and Armenia were defined, and interactions were mainly conducted within the framework of Tehran-Moscow relations. Due to its strategic location at the crossroads of Europe and Asia and its access to energy resources and transit routes, this region has always been the scene of interactions and competitions between regional and global powers. Iran and Russia, as the two powerful northern and southern neighbors of this region, have a long history of complex relations, including periods of war and competition as well as cooperation and convergence of interests in the Caucasus (Murshedlou and Albert Kay, 1403: 372-373). Therefore, it is essential to understand the nature of the interactions between these two countries in the Caucasus. With the collapse of the Soviet Union in 1991 and the independence of the Republics of Azerbaijan, Armenia and Georgia in the South Caucasus, a new chapter in the interactions and confrontations between Iran and the Russian Federation in this region began. Both nations tried to expand their influence in these newly independent countries. Russia, as its "near abroad", considered the Caucasus to be its traditional sphere of influence and tried to maintain political-security dominance. The Islamic Republic of Iran, relying on historical, cultural and religious commonalities, especially with Republic of Azerbaijan and Armenia, sought to play a more active role and develop economic and cultural relations. Pursuing the above policies led to the formation of a kind of relations with confrontation and interaction between the two countries in the neighboring region, and it seems that this trend will continue in the future (Kolaei and Jokar, 2010: 93-94). Considering the above discussions, we can reach this clear and very important point, which is the unique and very

decisive role of governments and powers (as the most influential actors on the stage of the international system from the perspective of structural realism) in the developments in the Caucasus region. Moreover, since in the theory of structural realism, states are key actors in the developments of the world and different regions of the world, in this article we aim to prove that the activism and acting of Iran and the Russian Federation as two influential states and powers in the Caucasus is based on the alphabet and graphic ideas of structural realism in motion. This study is structured into four distinct analytical phases. First, it traces the historical evolution of Iranian-Russian relations in the Caucasus across four transformative epochs: the pre-expansion era prior to the 18th century; the period of Russian imperial expansion and direct confrontation throughout the 18th and 19th centuries; the Soviet era (1917–1991); and the contemporary period following the collapse of the Soviet Union. Building upon this historical foundation, the second section examines the dimensions of bilateral engagement, categorising interactions into axes of security and military cooperation, strategic alignment, the countering of Western influence, and joint economic and transit initiatives. The third section pivots to an analysis of competition and divergence, investigating the geopolitical rivalries, disagreements surrounding the Nagorno-Karabakh conflict, and competing interests in energy markets and transit corridors. Finally, the study synthesizes these findings by evaluating the evidence for both cooperation and competition through the theoretical lens of neorealism, grounding the empirical observations in the fundamental tenets of structural realism. A review of the existing scholarship reveals a substantial body of literature addressing the geopolitical dynamics of the Caucasus and the strategic positioning of the Islamic Republic of Iran and the Russian Federation within the region. Examining these developments, Hakim and Jafari-Vladani (2016) underscore the enduring geopolitical significance of the South Caucasus, arguing that the collapse of the Soviet Union significantly amplified the region's volatility and strategic influence. They posit that, given Iran's historical, cultural, and geographic proximity, the region's inherent geopolitical characteristics directly impact Iranian national security. Central to their thesis is the assertion that these characteristics generate systemic tension; combined with the relative fragility of the newly independent republics and the resulting interest from external powers, this dynamic creates persistent threats to Iran's military and political security.

Complementing this perspective, Almasi (2022) focuses on Iran's crisis-management strategies within the South Caucasus, specifically analyzing the logic underpinning Tehran's policy responses. Almasi argues that Iran's pursuit of "positive neutrality"—a strategic stance characterized by non-alignment with belligerents coupled with active diplomatic efforts to mediate and de-escalate—is driven by a necessity to protect vital interests while leveraging historical ties. Findings indicate that these efforts are primarily aimed at regional stabilization rather than the advancement of specific factional agendas. Furthermore, Tisheyar and Bahrami (2018) contribute a pragmatic dimension to this discourse. In their analysis of Iranian foreign policy in the post-JCPOA era, they observe that despite ongoing concerns regarding Caspian Sea demarcation and the penetration of Western, NATO, and Israeli-Zionist influence, Tehran has largely adopted a measured and non-confrontational policy framework in the region.

Hajili and Sadri (2014) in their article "Pathology of Iran's Foreign Policy in the Caucasus" raise the question of what problems Iran's foreign relations with the South Caucasus countries have faced. The authors argue that the South Caucasus region, following the October 2020 Nagorno-Karabakh ceasefire agreement, is transitioning to a new geopolitical and geo economic order in which key regional players are competing to expand their influence and assume an active and significant role. Meanwhile, the Islamic Republic of Iran, as a country affected by security actions in the Caucasus, suffers from a lack of regional integration. Meanwhile, the pressures of the international system and the lack of a regionalist strategic perspective in foreign policy have isolated Tehran in its peripheral regions.

The traditional prioritization of the Arab Middle East within Iran's regionalist framework, compounded by the constraints imposed by United States hegemony, has historically contributed to the marginalization of Tehran's broader strategic influence. Addressing these vulnerabilities necessitates a strategic recalibration of Iranian foreign policy. Scholars and strategists propose a multidimensional approach to mitigate these challenges, emphasizing the development of transit corridors through the Caucasus, the utilization of cultural diplomacy, the leveraging of shared historical roots, and the cultivation of intersubjective ideas to foster deeper engagement between Iran and the Caucasian states.

In this context, Kolaei and Jokar (2010) offer critical insight into the nexus of Russia-West relations and Iran's economic cooperation with the South Caucasus. They contend that while Tehran has consistently pursued positive and outcome-oriented engagement with these states since their independence in 1991, economic relations have frequently underperformed relative to their latent potential. The authors identify systemic impediments—such as the domestic economic structural challenges of the Islamic Republic and the impact of multilateral sanctions—as primary obstacles to regional integration. However, they argue that geopolitical friction, particularly regarding Iran's contentious relations with the West and regional rivalry involving Russia and Turkey, remains a decisive factor in limiting cooperation, especially within the energy sector. Their study posits that the deterioration of Russia's relations with the West post-2014 intensified regional competition, paradoxically creating conditions that facilitated increased economic convergence between Iran and the three South Caucasus states. Utilizing an explanatory-analytical framework, Kolaei and Jokar examine this trajectory, highlighting the pivotal role of the "Russian factor" in redefining the landscape of Iran's regional economic diplomacy between 2014 and 2019.

2. Theoretical Framework

Structural realism, or neorealism, was fundamentally articulated by Kenneth Waltz in his seminal work, *Theory of International Politics*. Waltz sought to provide a systematic, coherent, and scientific framework for international politics, marking a decisive departure from the anthropocentric focus of classical realism—which prioritised human nature and the inherent drive for power. Central to Waltz's thesis is the proposition that state behaviour within the international arena is primarily determined and constrained by the architecture of the international system, rather than by internal attributes such as regime type, domestic ideology, or the idiosyncrasies of leadership. Consequently, the anarchic structure of the system imposes

structural pressures and functional obligations upon states, ultimately fostering convergent behavioral patterns across the international community, irrespective of domestic idiosyncrasies. The key elements defining the structure of the international system, according to Waltz, include the organizing principle, the functional differentiation of units, and the distribution of capabilities. Waltz argues that the most important feature of the international system is the lack of a central authority, above states, that can make and enforce laws and guarantee security. This situation is "anarchic", not necessarily in the sense of chaos, but in the sense of the absence of a world government. From Waltz's perspective, domestic systems have a hierarchical principle. This means that there is a central state, and anarchy or the lack of central authority forces states to rely on themselves to ensure their security. Waltz believes that in an anarchic system, states as the main units, despite differences in capabilities, have similar fundamental functions. In other words, all states are responsible for providing security, collecting taxes, defending borders, etc., and seek survival. Therefore, functionally, the units (states) are similar and this element cannot explain the differences in their behavior. The distribution of capabilities is the only variable element of the international structure that distinguishes different international systems. Capabilities mainly include military, economic, technological power, etc. The way these capabilities are distributed among the great powers determines the polarity of the system, whether unipolar (one dominant power), bipolar (two major great powers, such as during the Cold War), or multipolar (three or more great powers).

Central to the framework of neorealism is the premise of state survival as the primary existential objective. Operating within an anarchic international environment, states subordinate secondary goals—such as economic prosperity or ideological expansion—to the fundamental imperative of self-preservation. As a proponent of defensive realism, Waltz posits that states fundamentally seek security, distinct from the unlimited power maximization proposed by offensive realists such as Mearsheimer. Flowing from this systemic constraint is the principle of self-help. In the absence of a supranational authority to guarantee security, states cannot rely on international institutions or third-party actors; consequently, they must rely exclusively on their own national capabilities. This imperative gives rise to the mechanism of the balance of power, wherein states remain acutely sensitive to shifts in the relative distribution of power, viewing significant gains by rivals as potential threats to their survival. This balancing process typically manifests in two distinct forms: internal balancing, involving the augmentation of indigenous military and economic capacities, and external balancing, realized through the formation of strategic alliances to counter common threats. Finally, Waltz's structural realism asserts that the anarchy of the international system and the configuration of power distribution are the primary determinants of state behavior. States, functioning as rational and undifferentiated units, navigate this self-supporting environment by prioritising survival and mitigating the encroachments of rival powers through compensatory balancing strategies (Waltz, 2015: 144-160). When applied to the Caucasus, these systemic variables offer a compelling explanatory lens, revealing that the dynamics of cooperation and rivalry in the region are not mere accidents of history, but are rather the predictable outcomes of structural pressures.

3. Background of relations between the Islamic Republic of Iran and the Russian Federation in the Caucasus

Iran-Russia relations in the Caucasus region have a long, turbulent history that has profoundly influenced the history and geopolitics of the region. These relations can be divided into several main periods. The first period includes the period before Russian expansion (until the 18th century). For centuries, large parts of the Caucasus (especially the South Caucasus, including Armenia, eastern Georgia, and the present-day Republic of Azerbaijan) were part of the realm of the Iranian empires (Safavid, Afshari, Zand, and early Qajar) (Morshedlo and Dudayti, 2024: 368-371).

The second period involves the expansion of the Russian Empire and direct competition (18th and 19th centuries). As Russia gained power under Great Peter and his successors, the desire to gain access to warm waters and extend its influence southward increased. The Caucasus became one of the main targets of this expansionist policy. This period saw two major wars between Qajar Iran and Tsarist Russia. The first war (1804-1813) resulted in Iran's weakness and the signing of the Treaty of Golestan in 1813. According to this treaty, Iran ceded large parts of the Caucasus (including central and eastern Georgia, Dagestan, parts of Armenia and the present-day Republic of Azerbaijan) to Russia and renounced its claims to these regions. The second war (1826-1828) again ended in Iranian defeat and led to the signing of the Treaty of Turkmenchay in 1828. This treaty was much more humiliating and, in addition to ceding the territories of Talesh, Yerevan and Nakhchivan (other parts of modern-day Armenia and the Republic of Azerbaijan) to Russia, deprived Iran of the right to sail in the Caspian Sea and imposed capitulation privileges on Iran. The consequences of these two treaties were a turning point in the history of the Caucasus and Iranian-Russian relations. Through the agreement of Golestan and Treaty of Turkmenchay, the Russians ended centuries of Iranian dominance over the Caucasus, largely shaping the current borders in the region and establishing Russia as the undisputed power in the Caucasus. Iran became a weakened buffer state on Russia's southern borders (Rudi, 2013 336-340).

The third period from 1917 to 1991, involved the stabilization of borders and the closure of Iran's environment became more and more hostile. After the October Revolution and the formation of the Soviet Union, the borders set out in the Golestan and Turkmenchay Treaties (with minor changes in subsequent treaties such as the 1921 Treaty of Moscow) were practically fixed. During this period, for a large part of the Soviet era, especially during the peak years of the Cold War, the Caucasus became the southern border of the Eastern Bloc and the front line of ideological and geopolitical confrontation. Iran's relations (until the 1979 revolution, allied with the West) with the Soviet Union in this region were mainly based on distrust and confrontation. The borders were strictly controlled and people-to-people and economic interactions were minimized. After the 1979 revolution, with the coming to power of the Islamic Republic and the adoption of the "neither East nor West" policy, Tehran's relations with Moscow and the Soviet Union remained cautious and sometimes tense, especially under the influence of the alliance's war in Afghanistan. However, Iran's main hostility was towards the West and the United States.

The Caucasus continued to be sensitively pursued as a border with the "powerful northern neighbor (Monzavi and etc, 2025: 72-74).

The fourth epoch encompasses the post-Soviet era, spanning from the collapse of the Soviet Union in 1991 to the present. The dissolution of the Soviet state resulted in the sovereignty of the three South Caucasus republics—Armenia, Azerbaijan, and Georgia—thereby fundamentally restructuring the regional geopolitical landscape and confronting both Tehran and Moscow with the reality of newly independent borderlands. During the immediate post-Soviet transition, domestic instability and economic crises temporarily curtailed Russian regional influence, while Iran navigated a novel matrix of challenges and opportunities in establishing bilateral ties with these emerging states. In this environment, the Nagorno-Karabakh conflict surfaced as a primary regional flashpoint, prompting both powers to mediate and assert influence, albeit driven by distinct strategic priorities and national interests. Consequently, this period has been characterized by a complex, dual-track relationship defined by simultaneous cooperation and competition. On one hand, convergent interests have fostered bilateral alignment, specifically regarding the containment of Western encroachment, shared security concerns over regional instability, terrorism, and religious extremism, and joint efforts in conflict management and transit development. On the other hand, persistent divergence remains, manifested in competition for political and economic leverage over the Caucasian republics, discordant approaches to conflict resolution (particularly in the aftermath of the Second Karabakh War in 2020), and rivalries over energy export routes and transit corridors.

Recently, the geopolitical shocks of the Second Karabakh War (2020) and the conflict in Ukraine (2022) have profoundly altered the regional balance of power, restructuring the dynamics of Iran-Russia relations in the Caucasus and introducing a high degree of strategic uncertainty. In sum, the trajectory of Russo-Iranian engagement in the Caucasus reflects a shifting equilibrium of power: transitioning from historical Iranian hegemony to Russian imperial dominance, followed by the closed bipolarity of the Soviet era, and culminating in the current landscape of complex, post-Soviet interactions defined by tactical cooperation and strategic competition within a highly fluid geopolitical environment (Waller et al., 2025: 1-4).

4. Areas of Iran-Russia Interactions in the Caucasus

Iran-Russia relations in the Caucasus are rooted in history. From the Iran-Russia wars of the 19th century to the contemporary period, the region has witnessed complex interactions between the two countries. After the collapse of the Soviet Union, Iran and Russia expanded their cooperation in the Caucasus with the aim of countering Western and Turkish influence. In the post-Soviet period, the Republic of Iran and Russia played an active role in resolving the Karabakh and Abkhazia conflicts, and both countries have opposed NATO expansion to the east and the US military presence in the region (Bilban and etc, 2025: 33-36).

4.1. Security and Military Cooperation

In recent years, the Islamic Republic of Iran and Russia have signed important agreements in the field of arms sales and military technology transfer. The purchase of S-300 missile defense systems and cooperation in the production of military drones are examples of this cooperation.

Holding joint exercises in the Caspian Sea and the border regions of the Caucasus indicates the depth of military cooperation between the two countries. The Caspian Sea Exercise 2022, with the participation of the Islamic Republic of Iran, Russia and other littoral countries, was a joint security message to the West. The two countries cooperate in combating terrorism and extremism and terrorist groups such as ISIS in the North Caucasus (Chechnya and Dagestan). Exchange of security information and joint counter-terrorism operations are other areas of cooperation (Notte and Lamson, 2025: 8-13).

4.2. Strategic Cooperation

The most important and obvious example of interaction between the Islamic Republic of Iran and Russia in the years after the Islamic Revolution is countering the influence of the West and NATO. In fact, Tehran and Moscow seek to limit the military presence of the United States and NATO in Georgia and Republic of Azerbaijan. Basically, supporting pro-Russian states in the region, such as Armenia, is part of this strategy. Energy security and transit corridors are one of the signs of strategic interaction between Iran and Russia in the Caucasus. In other words, the Caucasus is considered a highway for energy transmission to Europe. Iran and Russia cooperate in controlling pipelines and alternative routes (such as the North-South Corridor). Stabilization in critical areas, such as playing an active, constructive role in the Karabakh crisis and preventing the spread of conflicts, can be considered examples of strategic interaction between Tehran and Moscow. Of course, the two countries are grappling with challenges in developing defense interactions and cooperation, including differences in priorities (Russia sometimes prioritizes its own interests over Iran's considerations and interests when selling weapons to Azerbaijan), the role of Turkey (Ankara, as an ally of Republic of Azerbaijan, is an obstacle to Iran-Russia cooperation), and Western sanctions (financial and technological restrictions on Iran). In any case, given recent developments in the Caucasus (such as the 2023 Karabakh War and Turkey's increasing influence), the Iranian and Russian S.A.s will continue their cooperation. This cooperation can contribute to the stability of the Caucasus region.

4.3. Countering Western Influence

Both Iran and Russia share concerns about the expansion of NATO and the United States' influence in the Caucasus and consider it a threat to their national security. This shared concern has been one of the main axes of their security and political cooperation in the region (Jilavya and Keryan, 2025: 129-149).

4.4. Economic and transit projects

The North-South International Transport Corridor, which aims to connect Russia and Northern Europe to the Indian Ocean via Iran and the Caucasus, is considered the most important economic cooperation project between the two countries. This corridor has the potential to strengthen trade and reduce dependence on traditional routes (Waller and etc., 2025: 27-59).

5. Areas of Competition and Divergence

Iranian-Russian relations in the Caucasus region, despite strategic cooperation in some areas, are also accompanied by areas of competition and divergence. The most important factors of tension and competition between the two countries in this region are

5.1. Geopolitical Competition and Regional Influence

Russia considers the Caucasus to be its own preserve and seeks to maintain exclusive control over the region, while Iran, as a regional power, seeks a greater role in developments in the Caucasus. Moscow is concerned about Tehran's increasing influence in countries such as Armenia and Republic of Azerbaijan and is trying to prevent it through political, economic, and security means (Jalilvand and Meister, 2025: 1-4).

5.2. Disagreements on the Nagorno-Karabakh Issue

5.2.1. Iran's Position on Nagorno-Karabakh

As a neighbor of Republic of Azerbaijan and Armenia, the Islamic Republic of Iran has always pursued a policy based on supporting the territorial integrity of the countries and resolving disputes peacefully. However, some factors have made the position of the Islamic Republic of Iran on Karabakh complicated. Meanwhile, Iran has officially supported Baku's sovereignty over Karabakh, but is concerned about the security implications of the conflicts on its border regions. The Islamic Republic of Iran also has good economic and security relations with Armenia, and the presence of the Armenian community in Iran also influences Tehran's policymaking. In addition, the Islamic Republic of Iran opposes the increasing influence of Turkey and Israel in Republic of Azerbaijan, as it considers this a threat to its interests in the region.

5.2.2. Russia's Position on Nagorno-Karabakh

As a major player in the Caucasus, Russia has played a key role in the developments in Karabakh. Moscow's approach is a combination of military and diplomatic support. During the Nagorno-Karabakh war, Russia initially adopted a relatively passive stance, the reasons for which include a focus on its own domestic and international crises, complicated relations with Turkey as an ally of Republic of Azerbaijan, and strategic calculations about the future of influence in the region (Kolaei, 2024: 3-7).

5.2.3. Differences between the Islamic Republic of Iran and Russia on the Karabakh Issue

Despite Iran and Russia's cooperation on some regional issues, there are differences of opinion on Karabakh, among which differences in security priorities can be mentioned. The Islamic Republic of Iran is more concerned about the effects of Karabakh on the security of its northern borders, while Russia seeks to maintain its influence in the Caucasus. The second issue is the different approach of Iran and Russia to the role of Turkey. Iran opposes Turkey's presence in the region, but Russia sometimes cooperates with Ankara (such as the 2020 ceasefire agreement). The third issue is the Zangezur Corridor. The Islamic Republic of Iran opposes the creation of a communication corridor between Republic of Azerbaijan and Nakhchivan via Armenia, as it sees it as a threat to its connection with Armenia, while Russia supports the plan.

Among the consequences of the Iranian-Russian disagreement on Karabakh is the weakening of regional cooperation. For example, Tehran-Moscow disagreements may lead to increasing U.S Influence in Syria. Increased border tensions could affect the security of Iran's borders if the conflicts escalate. In addition, the disagreement between the Iranian-Russia could pave the way for further intervention by Turkey and the West (Chechelashvili and etc, 2025: 5-7). Finally, it should be said that the Nagorno-Karabakh issue is not only a challenge for Armenia and Republic of Azerbaijan, but also a factor in disagreement between Iran and Russia. While Russia seeks to maintain its influence in the Caucasus, Iran is concerned about the security and geopolitical effects of this crisis on its interests (Akhbari, 2010: 20-29).

5.3. Regional Economic and Transit Competition

5.3.1. Russia's Role in the Caucasus

As the dominant power in the Caucasus, Russia uses economic (Armenia's membership in the Moscow-led Eurasian Economic Union (EAEU), security (establishing military bases in Armenia and the North Caucasus to control regional stability), and energy (controlling gas and oil pipelines such as the Baku-Novorossiysk pipeline and influencing Republic of Azerbaijan's energy exports) tools to maintain its influence (Brusylovska and Maistrenko, 2024-1-2).

5.3.2. The Role of the Islamic Republic of Iran in Caucasus

The Islamic Republic of Iran is trying to strengthen its position in the Caucasus, relying on its geopolitical advantages. These advantages include the North-South Transit Corridor (Iran acts as a link connecting Asia to Europe through alternative routes to the Caspian Sea and the Caucasus), trade relations with Republic of Azerbaijan and Armenia (developing economic relations with both countries and trying to balance relations with Russia), and competition in transportation and trying to attract transit goods via the Iranian route instead of the Russian route (Koen, 2026: 2-18).

5.4. Bilateral economic competition between Iran and Russia

5.4.1. Competition in transit corridors

5.4.1.1. North-South Corridor

Iran and Russia are the main partners of North-South corridor, but they are competing with each other in terms of how to exploit it and its attractive commercial benefits. Russia also prefers that goods pass through its own route, while Iran wants to use its ports such as Chabahar Port and Anzali Port.

5.4.1.2. East-West Corridor (Europe-China)

Russia supports the northern route (via Kazakhstan and Russia). While the Islamic Republic of Iran has proposed the southern route (Turkey-Iran-Central Asia).

5.4.2. Competition in the energy market

5.4.2.1. Gas exports

Russia has the European market with the Turk Stream and Blue Stream pipelines. While Iran is looking to increase gas exports to Armenia and possibly Europe via Turkey.

The suspension of gas imports from Moscow by Europe has dealt a serious blow to the Russian economy. Among its effects is a reduction in foreign exchange earnings. Revenues from gas and oil exports account for about 45% of the Russian federal budget. The reduction in gas exports to the European Union has led to a reduction in foreign exchange earnings, which has had a significant impact on the value of the ruble and foreign exchange reserves. The suspension of gas imports has also had an impact on Russia's energy sector. Moscow-based energy companies such as Gazprom have faced a sharp decline in revenue, making it inevitable to review investment and development strategies. In addition, the energy confrontation between Turkey and Russia could create opportunities for Iran. These include increasing Iran's energy security, strengthening its geopolitical position (Iran could be a potential alternative to Russia in Turkey's energy supply), developing new energy corridors, and making joint fields more attractive (if Russia's cooperation with Turkey decreases, investment in Iran's energy sector could increase).

5.4.3. The future of Iran-Russia competition in the Caucasus

5.4.3.1. Development of alternative corridors

If sanctions are increased, Iran could be a better option for transit of goods.

5.4.3.2. Competition in the energy market

If Iran reaches a nuclear deal, it could become a serious competitor for Russia in gas exports.

5.4.3.3. Turkey's role

Ankara, as a common rival of Iran and Russia, may change the equations (Hamidi and Mazdkhah, 1403-137-139).

6. Analysis of the Fields of Cooperation and Competition (Divergence) in the Caucasus from the Perspective of Key and Fundamental Concepts of Neorealism

6.1. The Caucasus as a Subsystem Without Central Authority (Anarchic)

The Caucasus region lacks an undisputed hegemonic power or an overarching security structure agreed upon by all actors. Although Russia seeks to play a dominant role, influence of the Islamic Republic of Iran, Turkey, and trans regional actors (the United States and the European Union) challenges this dominance. This anarchic regional situation forces Iran and Russia to be primarily concerned with the security and survival of their interests in this environment.

6.2. National survival and security as a top priority

For Russia, the Caucasus is considered its "near abroad" and its security backyard. Instability in the Caucasus could spill over into the North Caucasus (which is part of Russian territory). Russia is concerned about NATO influence (especially in Georgia), the expansion of Turkish influence (pan-Turanism), and Western activities in the region. Maintaining stability (under its control) and preventing the influence of geopolitical rivals is Russia's top security priority in the Caucasus. For the Iranian Republic, the Caucasus is the country's northern border and has deep historical, cultural, and ethnic ties (especially with the Republic of Azerbaijan and Armenia). The Islamic Republic of Iran is concerned about instability on its borders, the growth of ethnic separatist tendencies, the influence of the Israeli regime in the Republic of Azerbaijan,

and attempts to change the geopolitics of the region (such as the Zangezur Corridor, which could limit Iran's land access to Armenia and Europe). Maintaining border stability, preventing the influence of hostile actors, and preserving transit routes constitute Iran's security priorities (Lechner, 2017: 345-351).

6.3. Balance of Power as a Behavioral Model

The behaviour of the Islamic Republic of Iran and Russian Federation in the Caucasus can be explained mainly based on the logic of the balance of power against a common enemy. In other words, it can be interpreted as cooperation for balance against the West. The most important factor in the convergence of Iran and Russia in the Caucasus is the joint effort to limit the influence of the United States and NATO in the region. Both countries consider NATO expansion to the East (especially Georgia's desire to join the Western alliance) as a threat to their national security. This common threat provides the basis for political and sometimes security cooperation to prevent the formation of a security structure dominated by the West in their neighborhood.

The development of Tehran-Moscow relations can be interpreted as a way of creating a balance against Turkish influence in the Caucasus. Although the relations between the Russian Federation and Turkey are complex; However, Turkey's increasing influence in the Caucasus (especially after the Second Karabakh War and its support for Republic of Azerbaijan) has raised concerns for both Iran and Russia. This could lead to tactical cooperation to control or manage Turkish influence.

Iran and the Russian Federation are natural competitors for influence in the Caucasus. Russia seeks to maintain its position as the dominant regional power and may see Iranian influence as a challenge to this position. Iran also seeks to increase its autonomy and influence in the region and is reluctant to accept full Russian hegemony. This competition is evident in the way they interact with regional countries (Russia's support for Armenia alongside pragmatic relations with Republic of Azerbaijan; Iran's close relations with Armenia and efforts to maintain relations with Republic of Azerbaijan) and in economic projects (such as energy and transit routes). Each attempt to balance the influence of the other through bilateral relations with countries in the region (Melvin, 2024: 10-28).

6.4. Self-help and tactical alliances

In the absence of a central security-guaranteeing power, both the Islamic Republic of Iran and the Russian Federation rely on their own capabilities and on the creation of alliances or partnerships of convenience and tact. Their cooperation is often ad hoc and based on short- or medium-term interests rather than ideological or long-term commitments. For example, cooperation within the Astana framework for Syria or some coordination in the Caucasus is driven by ad hoc needs for crisis management or countering a common threat, rather than a deep strategic alliance.

6.5. Security dilemma

The actions taken by one country to increase its security may be perceived as a threat by another country, prompting it to take countermeasures that ultimately reduce the security of both. For example, Russia's efforts to strengthen its military bases in Armenia or Georgia (before the 2008 war) could be perceived by the Iranian regime as an attempt to limit its influence. Conversely, the Iranian regime's efforts to strengthen relations with Armenia or Shiite groups in Republic of Azerbaijan could arouse Russian sensitivity (Bursa, 2021-2-6).

It is important to note here that although Waltz's neorealism provides a powerful framework for analyzing relations between the Iranian regime and the Russian Federation in the Caucasus, It suffers from limitations and cannot explain all aspects of the interactions between the Islamic Republic of Iran and the Russian Federation in the Caucasus, including identity and history (the historical background of relations or rivalries between the Iranian and Russian empires and different national identities affect mutual understanding and the level of trust), economic factors (beyond relative power, specific economic interests in the field of energy and transit also play an important role, which can sometimes lead to cooperation or competition), domestic politics (foreign policy decisions are not simply the product of structural pressures, and domestic considerations, influential groups, and the ideology of the regimes also play a role), and the role of non-state actors (the role of ethnic, religious groups, and international organizations in the dynamics of the region, which Waltz's neorealist theory does not address less).

7. Conclusion

Kenneth Waltz's theory of structural realism provides a compelling explanatory framework for the underlying logic governing the interactions between the Islamic Republic of Iran and the Russian Federation in the Caucasus. From this perspective, the strategic behavior of both states is fundamentally dictated by the structural imperatives of an anarchic international and regional system. In the absence of a supranational authority, the dual pursuit of survival and national security drives Tehran and Moscow toward a complex, co-dependent pattern of simultaneous cooperation and competition. Their cooperative engagement is primarily defensive, aimed at balancing against external hegemony—specifically Western encroachment—and containing regional instability. Conversely, their competition is driven by the neorealist quest for relative power, manifesting in efforts to secure localized influence within the smaller Caucasian states. Consequently, the Caucasus is destined to remain a critical arena for these two powers, where the bilateral relationship will likely persist as a model of “competitive cooperation” or “managed competition,” dictated by fluctuations in the regional and global distribution of power. Applying neorealism to these dynamics not only clarifies the foreign policy trajectories of Iran and Russia in their shared periphery but also offers a theoretical foundation from which future scholarship can examine this complex partnership.

To address the inherent contradictions in this relationship, future research should focus on operational mechanisms that could deepen bilateral cooperation while managing inevitable structural competition. In terms of enhancing cooperative frameworks, scholarly attention should be directed toward the feasibility of integrated border surveillance systems to counter transnational threats, alongside the institutionalization of joint counter-terrorism exercises.

Furthermore, researchers should investigate the logistical and legal parameters of establishing secure military transit corridors and accelerating key infrastructure projects, most notably the International North-South Transport Corridor (INSTC). In the economic and diplomatic spheres, there is a clear need for studies exploring joint ventures in the oil, gas, and hydroelectric sectors, as well as the potential for a permanent Caucasus working group and a structured, quarterly consultation mechanism for senior officials to coordinate positions in multilateral forums and draft collaborative regional peace initiatives.

Conversely, future academic inquiry must also address the mitigation of bilateral divergence. Managing this competition requires research into the demarcation of strategic “red lines” where national interests directly clash, alongside the creation of a joint regional commission dedicated to conflict prevention. Scholars should explore how multi-layered diplomacy—combining targeted economic diplomacy in shared transit corridors with public diplomacy aimed at highlighting historical commonalities—can alleviate mutual suspicions. Additionally, research should assess how both powers can balance their respective bilateral ties with Armenia, Azerbaijan, and Georgia without triggering security dilemmas. Finally, future studies must evaluate how transparency in military exercises and a shared opposition to NATO expansion can serve as stabilizing mechanisms, using Iran’s unique geography to link the North-South and East-West corridors to generate mutual strategic value rather than zero-sum rivalry.

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