
MODERN RUSSIA: IDEOLOGY, POLITICS, ECONOMICS, CULTURE AND RELIGION

ANASTASIA OBUKHOVA. PROSPECTS OF RUSSIAN-
IRANIAN ECONOMIC RELATIONS

*Keywords: Russian-Iranian projects;
energy and logistics of Iran and Russia; de-
dollarization of trade; emerging International
Division of Labour.*

Anastasia Obukhova,
MA(Economics), Research Associate,
Center for the Middle East Countries' Study,
Institute of Oriental Studies, RAS,
e-mail: anastasia.n.obukhova@yandex.ru,
ORCID ID: 0009-0008-6232-172X
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Citation: Obukhova A. Prospects of Russian-Iranian Economic Relations // Russia and the Moslem World, 2025, № 3 (329), P. 5–19. DOI: 10.31249/rmw/2025.03.01

Abstract. The article surveys the status of Russian-Iranian economic relations in the context of the geopolitical situation in the Middle East and Central Asia. Russia accelerated its “shift to the East” back in 2022, having become an almost irreplaceable supplier of energy resources and certain technologies to Asian countries over the past two and a half years. Russia has remained in the top-five largest trading partners of Iran, who sees the potential for a tenfold increase in bilateral trade with Russia going forward.

Currently, trade between Iran and Russia is significantly limited by the lack of the banking channels and payment systems. Measures to de-dollarize the bilateral trade resulted into the ruble-to-riyal exchange mechanism settlement in 2022, while the Russian payment system might be integrated with the Iranian one by spring 2025. The article notes that joint investment projects in such countries as Azerbaijan, Uzbekistan, Tajikistan, Afghanistan, Pakistan, India, and China, imply a great unlocking potential both for Russia and Iran. According to the author, the countries processing resources (including human ones, land, fuel, electricity) and the base for developing relevant technologies would become the key beneficiaries of the emerging new International Division of Labour (IDL) being formed by the Global South. The author concludes that cooperation with such a long-standing partner as Iran would allow Russia and Iran to lead the reformatting of the global energy balance, to promote the sustainability of regional energy security, to develop new technologies more effectively, to lead the reforming IDL.

The Role of Russia and Iran in Shaping the Global Energy Market

The Middle East's role in maintaining global energy security has grown since the early 20th century and remains critical today. Five of the world's ten largest oil producers – Iran, Saudi Arabia, Iraq, the UAE, and Kuwait – hold nearly half (46,2 per cent) of global oil reserves (BP 2020 estimates). In 2023, they produced a combined 27,2 million barrels per day (b/d), accounting for 28 per cent of global oil production and 41 per cent of global oil exports¹. Approximately three-quarters of their production is exported. Meanwhile, the Middle East–Asia route handles up to 40 per cent of all seaborne crude oil trade².

Currently three Middle Eastern countries – Iran, Saudi Arabia, and Qatar – rank among the world's top ten natural gas producers, collectively accounting for 13 per cent of global output. In 2023, they produced two-thirds of the region's total gas (2,680 billion cubic meters)³. While Iran, Saudi Arabia (KSA), and Qatar hold 33 per cent of global natural gas reserves, only 15 per cent of Middle Eastern gas production is exported⁴.