



# China-Iran Relations and China's Growing Presence in the West Asia

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## China in the West Asia

Over the past decade, under the Belt and Road Initiative (BRI), China has increased its economic, political, and to a lesser extent its security footprint in the West Asia. The BRI has not only acted as a catalyst allowing China to increase its presence in the region but also for the individual countries to use China as a means to develop and diversify their economies. The West Asia is an essential aspect of China's project as it connects China to the Mediterranean Sea and Europe. The region is also of paramount importance for China due to the Middle Kingdom's energy requirements since almost 50 percent of China's oil imports come from the region.<sup>1</sup>

According to a RAND Corporation report, Beijing has four key interests in the West Asia: Energy security, balancing the United States influence in the region, suppressing public criticism of Chinese policies, and to enhance its great-power status in the region.<sup>2</sup> There is no doubt that China has been successful in its

endeavours, with numerous West Asian countries including Saudi Arabia and the United Arab Emirates defending China's human rights record.<sup>3</sup>

## Relations with Iran

Although China presently imports the most crude oil from Saudi Arabia, Iran is an important player in Beijing's eyes, both in terms of energy security and the Belt and Road project. China has balanced its relations with Iran at points respecting the U.S. led sanctions on Iran while also making the most of the opportunities arising out of Iran's isolation. China's growing energy requirements were the foundation of the strengthening of relations with Iran during the 1990s. The BRI has enhanced Iran's importance as the project aims to pass through the country in a bid to connect China with Europe, making Iran an indispensable facet of China's connectivity ambitions. In 2016, relations between the two countries were elevated to a "Comprehensive Strategic Partnership." From the Iranian perspective, China can help reduce

Tehran's isolation and help the economic growth of the country along with providing it with weapons and technology to make it a regional power.<sup>4</sup> Additionally, China's status as a permanent member of the United Nations Security Council (UNSC) would make it a valuable ally.

China is currently Iran's biggest trading partner in terms of both exports and imports. On the energy front, although sanctions against Iran restricted China's access to Iranian oil, once the agreement on Iran's weapons program was achieved in 2013, China's imports surged 28 percent in 2014. China continues to be an important recipient for Iranian oil, importing \$15 billion worth of crude oil in 2018. Beijing, however, has been accused of paying for its oil by shielding Iran at the UNSC against sanctions and causing a deterioration of the global system.<sup>5</sup> In June 2020, along with Moscow, Beijing opposed Washington's threats to re-impose an arms embargo on Iran. Beijing has also backed Iranian vessels heading to Venezuela, which allowed them to bypass American scrutiny and the US Navy presence in the Caribbean threatening an embargo of Venezuela.<sup>6</sup> On the defence front, China exports arms to Iran, selling \$269 million worth of weapons from 2008 to 2018 and has also aided the development of Iran's nuclear programme on the civilian nuclear energy front.<sup>7</sup>

### **The Comprehensive Strategic Partnership**

During President Xi Jinping's visit to Iran in 2016 where 17 agreements were signed across a range of issues, Iranian President Hassan Rouhani stated a "comprehensive 25-year document" was signed on strategic relations.<sup>8</sup> The details of this document were revealed by a New York Times article in early July 2020.<sup>9</sup> Approved by the Iranian cabinet in June 2020, and supported by Iran's supreme leader, this comprehensive strategic partnership document has not yet been made public or submitted to the Parliament for approval.

According to the report, for Iran, the agreement would pave the way for \$400 billion of Chinese investments over 25 years, and help it circumvent the isolation efforts from the U.S. Additionally, this would result in enormous infrastructure and developmental projects, as nearly a 100 have been cited in the draft. For Beijing, this would not only expand the country's presence in the banking, telecommunications, ports, and railway sectors, but China would also receive discounted oil for the next quarter of a century. The draft also includes deepening military cooperation along the lines of joint training, exercises, research, weapons development, and intelligence sharing, which would inevitably increase China's military presence in the region. There is, however, the criticism of Iran selling-off the country as is usually the precedent for when China enters into

a significant partnership with any country in the 21st century.

### Implications

This proposal, if ratified, has widespread implications for not only the United States and Europe, but also for India's strategic interests with Tehran. It also potentially signals a shift in Beijing's strategic approach to the region, which until recently did not overtly interfere with American dominance. China's presence could thus pave the way for a greater West Asia strategy which would include increased involvement in the various conflicts in the region. Considering China has been increasingly flexing its geopolitical objectives around the world, it is only natural it would enter the West Asia.

For the U.S., this partnership will severely undermine the Trump Administration's efforts to isolate Iran. At a point when the American administration is distracted due to domestic issues, China has exploited this opportunity to defy the United States. With numerous Chinese companies already being targeted by Trump's administration, there is no doubt that Beijing has factored in the blowback from this partnership and believes it can withstand any consequences. On the security front, an increased Chinese presence would complicate matters for the U.S, which already has high tensions and close encounters with Iranian forces in the Persian Gulf. An increased Chinese military footprint would exacerbate tensions even further since the

Pentagon has declared China an adversary in its latest national security strategy.<sup>10</sup> Furthermore, proposed port facilities along the coast of the Sea of Oman in Bandar-e-Jask also has the potential of giving China the strategic upper hand as it overlooks the entrance to the Strait of Hormuz, one of the nine key maritime chokepoints. With the U.S. Navy Fifth Fleet headquartered in Bahrain on the other side of the strait, the possibility arises of blockading the Americans in the Persian Gulf. For the European nations present in the West Asia, this poses similar challenges, although not to the extent it affects the United States, and should begin factoring in China when it comes to regional issues. This partnership will also exacerbate tensions with Israel if Iran gets access to Chinese weapons and technology.

The proposal has also had implications for New Delhi, with Iran dropping India from the Chabahar rail project that would connect the Chabahar port to the city of Zahedan and on to Zaranj in Afghanistan, citing delays on the Indian side.<sup>11</sup> New Delhi, however, has refuted these claims.<sup>12</sup> The partnership could see China picking up where India left off. For India, the Chabahar port project is seen as a counter to Pakistan's Gwadar port, and the railway line as a strategic link to connect India with Iran and onward to Afghanistan and Central Asia. With China playing a greater role in projects in Iran, it will become increasingly difficult for India to compete for projects on an economic level. This development

could also lead to an increasing Chinese engagement in Afghanistan, which could hinder relations between New Delhi and Kabul, and also affect American efforts with the Taliban.

With Iran and China finalizing their 25-year cooperation roadmap, Beijing's partnership with Iran, therefore, signals an important pivot to the region and will see Beijing playing a greater role in developments in the West Asia.

***(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])***

#### Notes

<sup>1</sup> China Power Team, "How is China's energy footprint changing?" *China Power*, March 19, 2020, <https://chinapower.csis.org/energy-footprint/>, accessed on July 14, 2020.

<sup>2</sup> Andre Scobell, Alireza Nader, "China in the Middle East: The Wary Dragon," *RAND Corporation*, December 5, 2016, [https://www.rand.org/pubs/research\\_reports/RR1229.html](https://www.rand.org/pubs/research_reports/RR1229.html), accessed on July 14, 2020.

<sup>3</sup> Tamara Qiblawi, "Muslim nations are defending China as it cracks down on Muslims, shattering any myths of Islamic solidarity," *CNN*, July 17, 2019, <https://edition.cnn.com/2019/07/17/asia/uyghurs-muslim-countries-china-intl/index.html>, accessed on July 14, 2020.

<sup>4</sup> Andre Scobell, Alireza Nader, "China in the Middle East: The Wary Dragon."

<sup>5</sup> Michael Danby, "Iran's Chinese shield," *The Jerusalem Post*, February 15, 2020, <https://www.jpost.com/opinion/op-ed-contributors/irans-chinese-shield>, accessed on July 14, 2020.

<sup>6</sup> Vijay Prashad, "Smooth sailing for Iranian tankers with China's backing," *Asia Times*, May 27, 2020, <https://asiatimes.com/2020/05/smooth-sailing-for-iranian-tankers-with-chinas-backing/>, accessed on July 14, 2020.

<sup>7</sup> Kristin Huang, "China and Iran: a special relationship built on trade, weapons and oil," *South China Morning Post*, January 9, 2020,

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<sup>8</sup> "Iran and China agree closer ties after sanctions ease," *BBC*, January 23, 2016, <https://www.bbc.com/news/world-middle-east-35390779>, accessed on July 14, 2020.

<sup>9</sup> Farnaz Fassihi, Steven Lee Myers, "Defying U.S., China and Iran Near Trade and Military Partnership," *The New York Times*, July 11, 2020, <https://www.nytimes.com/2020/07/11/world/asia/china-iran-trade-military-deal.html?action=click&module=News&pgtype=Homepage>, accessed on July 14, 2020.

<sup>10</sup> Helene Cooper, "Military Shifts Focus to Threats by Russia and China, Not Terrorism," *The New York Times*, January 19, 2018, <https://www.nytimes.com/2018/01/19/us/politics/military-china-russia-terrorism-focus.html>, accessed on July 15, 2020.

<sup>11</sup> Suhasini Haidar, "Iran drops India from Chabahar rail project, cites funding delay," *The Hindu*, July 14, 2020, <https://www.thehindu.com/news/national/iran-drops-india-from-chabahar-rail-project-cites-funding-delay/article32072428.ece>, accessed on July 15, 2020.

<sup>12</sup> Sidhant Sibal, "No dilution in India-Iran commitment to jointly develop Chabahar-Zahedan rail project," *WION*, July 15, 2020, <https://bit.ly/3erj2tv>, accessed on July 15, 2020.