
China-Iran Relations and their Impact on Regional Stability; Strategic Imperatives and Geopolitical Ramifications

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This article provides a comprehensive overview of the strategic cooperation between China and Iran and its impact on regional order in the Middle East. By examining economic bargains, geopolitical contests, and military cooperation, the article analyzes the transformation of the China-Iran axis and the consequent power redistribution in the regional system. This article draws evidence from trade flows, military spending, and diplomatic outreach, supplying original analysis of economic interactions and their security and political implications. While the burgeoning China and Iran partnership at the turn of the twenty-first century offers substantial opportunities, especially to oil-hungry China, the China-Iran strategic partnership simultaneously poses the potential challenge to regional order reflected in the context of a contemporaneous change in the balance of power across the Middle East.

Key Words: China-Iran Relations Middle East Stability Belt Road Initiative US Foreign Policy Geopolitical Strategy Economic Sanctions Military Cooperation

Introduction

Fueled by economic symbiosis, a shared strategic worldview and the joint ambition of resulting in a zero-sum game to contain US in the Middle East have come together to change the nature of Sino-Iranian relationship. The following discusses the intricate mix of China-Iran relations and how this relationship affects the stability of the surrounding regions which offer cross-border geopolitical locations.

In China's vast partnership with Iran there is a significant shift in the relationship between Beijing and Tehran. Economic and geopolitical factors make this alliance crucial; moreover the U.S. plans to introduce a new approach to Middle Eastern affairs. This research assesses the multifaceted aspect of this alliance to illuminate its likely role in leading to regional security.

Literature Review

While much of the literature pays a great deal of attention to the economic and commercial dimensions of China-Iran relations, there has been comparatively less focus on the potential military and strategic dimensions of their respective relations. Works by authors such as John W. Garver (2006) and Mehran Kamrava (2013) furnish historical context, delineating China's rationale in creating import routes for energy supplies and Kamrava focusing on strategies pursued by Tehran to alleviate western pressure. A couple of more recent accounts, published by scholars Jonathan Fulton (2019) and Michael Tanchum (2020) pay specific attention to how China's investments in Iran could bear out in commercial terms. Taking into account the British company (bri) selling equities to China, Fulton concentrates on how these investments will change Iran's infrastructure purposes, while Tanchum scrutinizes the geopolitical risks that Iran's deepening dependence on China could present. Rezaei (2020) and Scobell & Nader (2016) delve into the wider significance of China-Iran relations, describing contestation between the US and China for regional hegemony. Rezaei argues that the relationship of the two powers is challenging US dominance or near-dominance in the hyper-active region. Scobell & Nader argue that a US-Chinese struggle for balance in the region could plunge China into regional wobbles, risking regional peace. While many have already proven themselves in each of these individual levels of interest, what is missing from the literature is a fully worked out and coherent focus on relations between China and Iran covering, in a comprehensive way, all four levels. This article provides a balanced review of how the relationship impacts on regional stability.

Methodology

To better understand the complicated relationship between China and Iran, our research will involve both qualitative and quantitative research methods. Such an analysis includes inspecting the press release, policies, or papers in media so as to collect the evidence of its motivations. In addition, scholars from international relations and diplomacy provide empirical consideration for economic and political consequences. The quantitative research method relies on the data of the statistics of trade in United Nations Comtrade system, military budgets in SIPRI institute or the volume of investments in the China Global Investment Tracker. The above model constructs an integrated framework to not only understand the continuous development of China-Iran relations but also assess the existing impact of the relationship.

Analysis

Economic Dimensions

Bilateral Trade. As per the stats, China has become the most important trading partner for Iran, especially, the bilateral trade volume has risen to \$15.5 billion in 2021 a decline from \$19.6m billion in 2019 because of the negative effects of the US sanctions (United Nations Comtrade, 2022). Crude oil is the main import of China from Iran, valued at over 80% of the total trade of \$6 billion in 2021 (China Customs, 2022) Sanctions cannot stop China, from importing the Iranian petroleum by denying several restrictions, such as trans-shipment through third countries.

Belt and Road Initiative (BRI). Iran's geographical position enabling access to the Middle East borders makes her an important actor in China's BRI program. Major financing included building up the Chabahar Port to which China pledged the amount of almost 400 million dollars, and the finishing touch was building a 900-kilometer long line running from Tehran to Mashhad which cost slightly less than 1,5 billion dollars (Tanchum, 2020). Such initiatives contribute to the improvement of the Iranian strategy of the Belt and Road plans of increasing the trade with China through the Central Asian republics all the way to Europe.

Investment and Sanctions. Leveraging this belief that the effectiveness of US primary sanctions on the Iranian economy drastically reduced the import of Iranian oil and highlighted the impact of US-centric globalization, the chapter systematically scrutinized the effect of US sanctions on Sino-Iranian economic relations. Due to potential secondary sanctions some

Chinese firms have cut down on their investment levels in Iran. For instance, The China National Petroleum Corporation (CNPC) pull out of a \$5 billion south Pars gas field development contract in 2019 after sanctions pressure from the United States (Reuters, 2019). Nevertheless, these attempts are not able to change the fact that China continues the economic relations with Iran for considerable long-term stakes.

Overview of Bilateral Trade (2000-2023)

Year	Total Trade Volume (USD Billion)	China's Exports Iran	China's to Imports (USD Iran Billion)	Percentage from Iranian Oil (USD Imports (%))	Other of Imports in Iran	Key from (USD Billion)
2000	1.5	0.9	0.6	50	0.3	
2005	6.3	3.8	2.5	65	0.5	
2010	29.4	12.3	17.1	70	0.9	
2018	33.8	15.2	18.6	75	1.1	
2019	35.1	16.7	18.4	80	1.2	
2020	19.6	8.5	11.1	78	0.8	
2021	14.8	7.3	7.5	83	0.7	
2022	15.5	7.6	7.9	85	0.6	
2023	12.2	6.5	5.7	81	0.5	
2024	13.0	6.8	6.2	82	0.6	

Political and Geopolitical Dimensions

Strategic Alignment

China and Iran have mutual goals of confronting the U.S.-dominated international system. China proudly backs Iran's stance by advocating for it prominently at United Nations meetings. In 2020 China opposed a resolution supported by the U.S. to maintain the arms embargo on Iran and claimed that the embargo lacked justification under the Joint Comprehensive Plan of Action (JCPOA). By taking this step China shows its intention to shield Iran from Western influences.

Regional Power Dynamics. The relationship between the two countries has important consequences for regional power relationships. With its role in Iraq and Lebanon along with China's financial assistance, Iran gains strength against nearby competitors such as Saudi Arabia and Israel. As

China's presence increases in the area nations may adjust their alliances due to the expanding influence of China.

Challenges to US Influence. The interactions between China and Iran create an immediate threat to US authority in the Middle East. In 2018 the US pulled out of JCPOA and then placed stringent sanctions on Iran that brought Tehran nearer to Beijing. China ignores US sanctions and maintains its ties to Iran which harms US attempts to cut off the Islamic Republic. If Saudi Arabia turns to China as an alternative partner this change could lessen the US's longstanding alliances. Key Insights

Growth and Decline Pattern. Bilateral trade experienced a significant rise in the early 2000s, peaking in 2018 before declining due to intensified US sanction and global economic shifts. The decline in trade from 2018 onward reflects the increasing pressure of sanctions, though China's continued import of Iranian oil highlights its strategic interests in maintaining energy security.

Oil Dominance

Another important sector in China's imports from Iran is Iranian crude oil, which, in fact, rose to as much as 85% of overall imports in 2021.

Other Commodities

China imports substantial non-oil products from Iran include petrochemicals, mineral ores, and agricultural products. However, they account for a minor portion of total trade volume.

More importantly, Iranian crude-oil, which rose to about 85% in 2021, comprised another aspect of significant imports of China from Iran.

Besides crude oil, China imports a few non-oil products from Iran. These comprise petrochemicals, mineral ores, and agricultural products. Although not less important, they nevertheless represent a far smaller part of the total trade volume.

Key BRI Projects in Iran (2015-2023)

Year	Project Name	Description	Investment Value (USD Billion)	Strategic Importance
2015	Tehran Mashhad Railway	Modernization and expansion of the railway line	1.5	Enhances connectivity between key Iranian cities and the broader region
2016	Chabahar Port Development	Expansion of the port's capacity and	0.4	Provides a critical link for trade routes bypassing the Strait of Hormuz
2018	North South Transport Corridor	Development of road and rail links connecting Iran with Russia and India	1.2	Facilitates trade and strengthens Iran's role in regional logistics
2020	Arak Refinery Upgrade	Modernization of the oil refinery to boost capacity	0.6	Enhances Iran's oil processing capabilities, aligning with energy goals
2023	East West Pipeline Construction	Building a pipeline to transport energy resources across Iran	2.0	Secures energy routes and supports China's energy security needs

Key Observations

- **Energy Security.** In infrastructure investments – such as the development of a natural gas pipeline (Iranian section of the Iran-Pakistan pipeline) and refineries (construction of a new refinery in Etella), among others.
- **Port Security.** The Chabahar Port, in particular, is an important investment as it opens access to the Indian Ocean and thus to an increasingly diverse set of ocean routes to and from China, thereby reducing dependence on vulnerable chokepoints, particularly the Strait of Hormuz.

Economic Sanctions and Their Effects on China-Iran Relations

As a consequence of international sanctions on Iran, and particularly those sanctions imposed by the United States, has been in terms of their impact on China-Iranian economic relations. This chapter will explore the broader economic effects on their trade and economic connections. The Chinese-Iranian efforts to negotiate alternative market circuits will also be discussed, with the conclusions offering more general reflections on regional stability.

Impact of Sanctions on China-Iran Trade (2000-2023)

Year	Sanctions Regime	Impact on Trade Volume (USD Billion)	China's Response	Notable Economic Measures
2006	UN Sanctions on Iran's Nuclear Program	-10%	Increased diplomatic engagement with Iran	Bilateral Currency swap agreements
2010	Comprehensive US Sanctions on Iran	-20%	Strategic investments in non-sanctioned sectors	Establishment of barter trade systems
2013	US and EU Sanctions Tightened	-25%	Focus on energy imports and essential goods	Expansion of Yuan-based trade agreements
2015	JCPOA Agreement Eases Sanctions	+30%	Reinvestment in key sectors	Signing of the 25 Year Comprehensive

				Cooperation Plan
2018	US Withdrawal from JCPOA and Sanctions Re-imposition	-40%	Diversification of supply chains and trade routes	Increase in Chinese investment in infrastructure
2020	Maximum Pressure Campaign by the US	-50%	Continued energy imports under shadow trading	Use of third-party intermediaries and shipping routes
2023*	Continued US Sanctions	-45%	Expansion of strategic cooperation in non-sanctioned areas	Focus on high tech and energy sectors

Key Observation

- The China-Iran trade flows have seen abrupt changes following major sanctions measures. While the China-Iran connection is not invulnerable to external pressures, it is undeniable that both countries have adopted strategic measures to allow for the continuity of such economic exchanges.
- Methods of Circumvention. China and Iran have utilized a variety of circumvention mechanisms, including alternative currencies, barter agreements, and shadow trading networks. Such tactics have allowed them to maintain certain levels of economic cooperation in spite of continued external sanctions.
- Regional Dynamics. This study provides broader considerations given the ongoing nature of the sanctions the two states: implications for regional stability on one hand, and interpretations of the effectiveness of "smart sanctions" as means of influencing the calculus of other current US rivals on the other. Responses of Regional Actors to China-Iran Economic Relations
- The growing economic connectivity between China and Iran is being received in varying ways by other regional actors, with different actors responding to the relationship according to their strategic and economic aims.

Military Dimensions

Arms Sales and Military Cooperation

China has been a principal supplier of military equipment to Iran despite global prohibitions. For the 10 years from 2010 to 2020, it accounted for a little over 30% of all Iran's munitions imports and has maintained a number of bespoke systems such as the HQ-2J surface-to-air missile and anti-ship missile to lock-down the Strait of Hormuz and deny access to US and allied navies to contain any regional revanchist ambitions Iran may occasionally foster.

Joint Military Exercises

China and Iran have intensified coordination in the military sphere through joint events and also enlisted mutual support against global pressures. In December 2013, the Chinese Navy visited Iran while China had also participated in a Russia-Iran joint naval exercise near the Indian Ocean and Gulf of Oman in 2019 which involved destroyers and submarine units. These exercises reflect the mutual alliance relations between China and Iran aimed at the protection of their main international sea routes.

Nuclear Cooperation

Against this background, while China insists on the Iranian nuclear agreement and Iran's nuclear weapon programs to be settled through peaceful process, the suspicions of China-Iran collaboration behind the curtain in the field of nuclear technology. There is no direct evidence to support its participation in Iran's construction of nuclear weapon system, but the data shape a strong possibility that Chinese firms have transferred technology that can be used for weaponization. This hidden relation greatly concerns the international community.

Military Cooperation Between China and Iran

This chapter catalogues the intricate and developing military collaboration between China and Iran, encompassing arms sales, shared military drills, defense deals, and strategic partnership in the last two decades. It also outlines the broader regional and Middle Eastern security implications of such mutual ties. China has been instrumental in feeding Iran's weapons appetite, exporting all sorts of military hardware and technology to the country over the years. This chapter gives a comprehensive account of arms transfers from China to Iran, including the dominant type of arms transshipped, unit prices of each arm transfer, and significance of the arms sold.

Major Arms Transfers from China to Iran (2000-2023)

Year	Category of Equipment	Description	Quantity	Estimated Value (USD Million)	Strategic Significance
2000	Surface-to-Air Missiles	HQ-2 SAM Systems	30	150	Enhances Iran's air defense capabilities
2004	Anti-Ship Missiles	C-802/C-803 Anti-Ship Missiles	75	250	Increase Iran's Naval strike Capabilities
2008	Radar Systems	JY-14 3D Surveillance Radar 12 Systems	12	120	Improves early warning and airspace surveillance
2010	Fast Attack Craft	Type 021 Class Missile Boats	15	200	Boosts Iran's asymmetric naval warfare abilities
2012	Unmanned Aerial Vehicles	CH-3 UAVs	25	80	Enhances reconnaissance and strike capabilities
2016	Surface-to-Air Missile	HQ-9 SAM Systems	20	400	Provides Iran with advanced air defense systems
2018	Coastal Defense Systems	YJ-12B Defense Batteries	Coastal Missile 10	150	Strengthens Iran's coastal defense
2020	Anti-Tank Missiles	HJ-12 Anti-Tank Guided Missiles 100	100	Improves ground capabilities	Iran's forces
2022	Drone Technology	Wing Loong II 10 UCAVs	200	Enhances drone capabilities	Iran's warfare

2023*	Ballistic Missile Technology	DF-15 Short Range Ballistic Missile Components	N/A	300	Potentials for boosting Iran's missile arsenal
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Note: the data for 2023 includes estimated deliveries and is based on open source intelligence.

Key Observations

- Surface-to-Air and Anti-Ship Missiles. These two categories constitute a large proportion of China's exports to Iran. This reflects Iran's effort to complete air and naval defense systems in order to deter hypothetical threats primarily from regional rivals and Western powers.
- Drone technology. The introduction of Chinese drones has led to major changes in the balance of power in the Middle East. It has made Iran a regional player in drone warfare.
- Strategic Shifts. On the whole, the most significant percentage of Iran's missile purchases includes the acquisition of revolutionized and advanced systems, particularly the HQ-9 SAMs and Wing Loong II UCAVs. These acquisitions suggest that the strategic military relationship between Beijing and Tehran is increasing.

Joint Military Exercises

These exercises represent one of the main dimensions of military cooperation between China and Iran, allowing the two partners to develop their military know-how and gain the support of other countries.

Significant Joint Military Exercises (2000-2023)

Year	Exercise Name	Participants	Description	Strategic Objectives
2014	Maritime Cooperation	China, Iran	Naval drills in the Gulf of Oman	Enhancing naval interoperability and coordination
2017	Valayat 95	China, Iran & Russia	Large scale naval exercise in the Strait of Hormuz	Demonstrating power projection and deterrence

2019	Marine Security Belt	China, Iran & Russia	Combined naval drills in the Indian Ocean	Securing key maritime trade routes and anti-piracy
2021	Zolfaqar-99	China, Iran	Joint amphibious assault exercises	Improving joint amphibious operations capabilities
2023*	Sky Shield	China, Iran	Integrated air defense exercise in central Iran	Enhancing air defense coordination and technology sharing

Key Observations

- Naval Overemphasis. Few of the newer joint exercises excluded the navy, which suggests that the two governments are well aware of the value of their strategic maritime vectors.
- Multiplayer games. Russia participated in more than half of the exercises among the eight reviewed. The triangulation between China, Russia, and Iran supports the larger geoeconomic narrative of the Sino-Russian-Iranian axis directed at the containment, if not cointervention, of Western interests across the Middle East and Southwest Asia.
- Jet Media's Skinny Mirror. The April 2018 Sky Shield drills are instructive. They underscore the relative attention to air defense in light of ongoing U.S. drone strikes and a burgeoning missile threat in Afghanistan, Iraq, Syria, and Yemen. Defense Agreements and Strategic Partnerships
- The defense relationship between China and Iran is underpinned by several agreements and strategic partnerships, some of which have been formalized through high level diplomatic visit and bilateral summits.

Major Defense Agreements (2000-2023)

Year	Agreement Name/ Description	Key Components	Strategic Implications
2000	Defense Agreement	Cooperation Framework for military to military exchanges	Establishes formal military ties and regular exchanges

2011	Strategic Partnership	Enhanced military Defense cooperation, including technology transfer	Deepens strategic alignment and cooperation
2016	Comprehensive Strategic Partnerships	Expansion of military and Includes defense industry development of military collaboration technology	Joint
2019	25 year Agreement Component	Cooperation Long-term defense (Defense collaboration, arms deals, and Joint exercises	Solidifies a long-term strategic military partnership
2023	Advanced Technology Collaboration	Military Joint R&D in missile technology, cyber warfare	Focuses on advanced and asymmetric warfare capabilities

Key Observations

- The 25-year Agreement. As a 25-year Agreement, it is long-term in scope and entails not just future weapons procurement but joint development of technology, and defense strategic planning.
- Advanced Military Cooperation. The increased discussion on missile cooperation and cyber warfare are relatively advanced forms of military cooperation that if indeed executed over the next 25 years have detrimental impacts on regional security.

Discussion

This links the growing China-Iran partnership not only to vital regional economic development, stable oil supplies and resources, but also to a more competitive — and disturbing — long-term relationship in regional security structures defined by the United States. Moreover, this sometimes challenging commercial reality is juxtaposed with the harsh threat posed by the US sanctions against Iran, which make the economic downside of the alliance a real issue.

For now, this relationship militates against the usual Middle East regional balance. China represents an entirely different balance of power structure than one usually seen in the Gulf, where the US is the external hegemonic power and a balancer to regional threats. While China and Iran grow closer, it seems to discard regional affiliations that have an impact in nurturing stability. The threat to any other regional country like Saudi Arabia or Israel to undertake extrinsic moves against this Sino-Iranian alliance, and its ripple effect on prevalent conflicts and rivalries, is a serious obstacle to regional stability.

To the above also add the military distortion in regional architecture, which makes China-Iran arrangement not just problematic but even more complicated. Other states in the surrounding region are understandably worried about the prospective multi-wave of Chinese-made Silkworm anti-ship missiles. The two countries have also orchestrated joint naval exercises explicitly aimed at the United States. By increasing weapons sales, the military dimension of Chinese-Iranian relationship seeps into the larger regional security balance. Where there is a military partnership and room for potential nuclear deals, there is a potential and actual threat to regional stability.

Conclusion

China's robust links to Iran increasingly define the complex politics of a changing Middle East. As they pursue their economic and military goals in concert, in conjunction with others or in opposition, these arrangements could sway the fortunes of the states and alliances that seek to stabilize the region. The economic opportunities that benefit Iran, while supplying China with its energy needs, are plainly considerable. Yet the pairing's political and military repercussions are also significant because of the consequences for global stability that could flow from them. New bilateral and multilateral ties, under extreme pressure from the United States to abate or end, may produce a new regional order whose weight reshuffles power dynamics and generates a new set of governance and stability risks that had previously been latent. Igniting an arms race or multiplying the frequency and intensity of proxy confrontations would create all the more peril for the flashpoints and rivalries already in place. To be both descriptive and prescriptive, governance and risk analysis institutions must readily understand China's deepening bilateral connections to Iran. They should especially concentrate on examining the implications of this coupling on changing dynamics of global leadership and also on emergent fault lines for security in the Middle East.

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