

## BEYOND THE IRAN-CHINA DEAL

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**By Deepika Saraswat**

The Iranian government's recent approval of a 25-year roadmap for Sino-Iranian Comprehensive Strategic Partnership has garnered much attention globally partly because it seems to signal a departure from Tehran's long-held revolutionary maxim of "neither East nor West".

Also, the agreement comes at a time when [China](#) has dropped all restraint for a new "wolf-warrior" diplomacy aimed at cementing its dominance while the world struggles with a debilitating [pandemic](#). What has been lost in the alarmist readings of the "Iran-China deal" is that relations between the Islamic Republic and China have a long history of geopolitical and economic cooperation. More importantly, the Iran-China bonhomie is part of a wider policy of Iran's turn to the East, and increasing irrelevance of the West in Iran's long-term foreign policy orientation.

It was during the eight-year-long Iran-Iraq war that China became Iran's largest source of military wares and a major support for Iran's fledgling arms industry. Also, China has provided a major buffer to Iran against international pressure starting with the Clinton administration's dual-containment policy, and then during the more than a decade long nuclear-standoff between Iran and the US. In 2010, China overtook the European Union as Iran's largest trading partner, with approximately one-third of Iran's total foreign trade being done with Beijing. In 2012, at the height of crippling international sanctions, China was buying 54 per cent of Iran's oil exports through alternative financial arrangements, including barter.

The nuclear deal was an attempt to normalise Iran's relations with the West, to enhance Iran's freedom of action and its regional and global standing during an era of global power transition. To that end, the current administration of Hassan Rouhani preferred an even-handed policy of deepening Iran's ties with both the East and the West and tried to find synergies with various trans-continental connectivity projects spearheaded by India, Russia and China.

As BRI became the framework for how China engages in trade, development and diplomacy, Iran and China inked a comprehensive strategic partnership during President Xi Jinping's visit to Tehran, immediately following the implementation of JCPOA in January 2016. Subsequently, issues of bilateral cooperation in energy, connectivity, industrial capacity and finance were set within the framework of BRI, but the roadmap for 25-year strategic relations was to be mutually agreed upon through further negotiations.

Tehran's response to BRI has been marked by both fear and hope. On the one hand, it sees BRI as a "game-changer" for potentially fostering stability in Iran's wider region beset by decades of instability and underdevelopment. But, at the same time, Tehran fears Chinese economic domination in a region traditionally considered an essential market for Iranian products. Similarly, China's dominance of energy markets of neighbouring Central Asia and BRI plans to connect Central Asia with the South Caucasus through the Caspian Sea and from there on to Europe, are also seen as having an impact Iran's transit position in the region.

But in the final analysis, the prospects of Chinese investment in Iran's ailing economy, taking advantage of a "shift in global power", a point stressed by Foreign Minister Javad Zarif when

Iranian lawmakers grilled him over the deal with China, outweighed the risks. The negotiations on the 25-year roadmap picked up pace in the wake of the US's "maximum pressure", the manifest failure of European signatories to fulfil their economic commitments and the US-China trade war. Tehran has been zealously framing its partnership with China and also Russia as aimed at countering the American "unilateralist" threat and creating a post-West world order.

Iran also uses its deepening ties with China to gain some space to manoeuvre in other important relations, including with India. Such manoeuvring was visible in Tehran going out on a limb to avoid the dynamics of competition between Chabahar and Pakistan's Gwadar port project — a key interface of China Pakistan Economic Corridor. As India struggled to source port equipment, in early 2019, Zarif expressed interest in a rail-link up between Gwadar and Chabahar.

India has, on many occasions, conveyed its readiness to support the development of the railway line between Chabahar and Zahedan on the Iran-Afghanistan border. The line is important for operationalising the potential of the Chabahar port, as a key link in the INSTC, and would be extended to Mashhad in Eastern Iran and thereon, to Central Asia. It was during Rouhani's visit to New Delhi in September 2018 that IRCON, the engineering and construction PSU, and its Iranian counterpart, CDTIC, were tasked to finalise technical parameters and financing options for the project in a time-bound manner.

But in September last year, Iran took the extraordinary measure of tapping into its sovereign wealth fund to carry out the rail project handed over to Khatm al-Anbia Construction Base, the main engineering arm of the Islamic Revolutionary Guard Corps (IRGC). The IRGC plays a key role in implementing the Supreme Leader's concept of "resistance economy" aimed at promoting domestic capacity and countering US sanctions. Given that the entity had been sanctioned and listed as a Foreign Terrorist Organisation (FTO) by Washington in April, 2019, India could not have cooperated in the rail-project without risking secondary sanctions. The fact that the launch of the track-laying process coincided with the Iran-China deal contributed a great deal to media controversy.

To be sure, Iran has been disappointed in New Delhi for the rapid slide in the India-Iran economic relations and would use any leverage it has to pressurise India, a point underlined by the Iranian leadership's increasing political grandstanding on Jammu and Kashmir and also during the riots in Delhi. But if Tehran's repeated calls to New Delhi to multi-dimensionalise economic relations and minimise the impact of "third party influence" (read the US) are any indication, as it pivots further to the East, it will seek to maximise its leverage and freedom of action rather than play second fiddle to a rising hegemon.

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