

# Topic Overview: China's Relationship with Iran

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## CX Resolution 2016-2017

Even though Iran is one of the most populated nations in the Middle East, it has been mostly snubbed on the international stage after the 1979 Islamic Revolution and subsequent development of a nuclear program. China has made a name for itself by investing and cooperating with non-traditional partners, such as countries in Africa and North Korea, and Iran is no different. China, situating itself as an alternative to the traditional powers of the U.S. and Russia, provides an attractive partner to Iran.

### Strategic interests

Iran has had the potential to be a natural ally to China ever since the 1979 Islamic Revolution, which overthrew the U.S.-backed Shah. As Iran has been the traditional enemy of Saudi Arabia due to religious differences (Iran is Shi'ite, Saudi Arabia is Sunni), and that Saudi Arabia has been long supported by the U.S., Iran only has Russia and, recently, China to turn to. China, seeing an opportunity of adding more countries into its sphere of influence, has helped Iran with military and other types of strategic aid. However, one additional potential area of China-Iran conflict is the question of Pakistan. Pakistan is a natural ally of Saudi Arabia as both countries are predominantly Sunni, and Pakistan also has very frigid relations with Iran. China, however, is one of Pakistan's strongest allies. Tensions between Iran and Pakistan might force China to either act as intermediary or to abandon one country in favor of the other.

### **History of arms trade**

*(Carrie Liu Currier is the associate professor of political science and the director of Asian Studies at Texan Christian University, "In Arms We Trust: the Economic and Strategic Factors Motivating China-Iran Relations," Journal of Chinese Political Science, [https://www.researchgate.net/profile/Carrie\\_Currier/publication/225227083\\_In\\_Arms\\_We\\_Trust\\_the\\_Economic\\_and\\_Strategic\\_Factors\\_Motivating\\_China-Iran\\_Relations/links/56bb88ed08ae2481ab6ac6ea.pdf](https://www.researchgate.net/profile/Carrie_Currier/publication/225227083_In_Arms_We_Trust_the_Economic_and_Strategic_Factors_Motivating_China-Iran_Relations/links/56bb88ed08ae2481ab6ac6ea.pdf), December 2009)*

In the earlier stages of Chinese economic reform, the immediate revenue that could be generated from arms sales outweighed some of the strategic disadvantages that might come from supplying developing states. Much to the chagrin of the U.S., China became a key arms supplier to states such as Iran, Myanmar, North Korea and Pakistan, to whom the U.S. would not sell. In the 1980s, China benefited from the Cold War rivalry between the U.S. and Soviet Union by exporting arms to supply conflicting parties in the Middle East, Central Asia, and other parts of Asia. One of the key sources of income came from the Iran-Iraq War where China supplied both sides with weapons, though often via a third party. North Korea served as one filter for Chinese arms, helping broker a \$1.3 billion USD deal in 1983, and a second deal for \$1 billion in 1985. Meanwhile, Hong Kong also served as an intermediary between China and Iran, with an additional 1985 arms deal worth \$1.16 billion. By the mid-1980s, the many global arms contracts

negotiated by China helped its arms sales reach seven percent of its total exports. The percentage of arms as exports to specific countries can also be examined more closely to get a clear sense of their important trade value. In the case of Iran, China's arms sales as a percentage of total exports ranged from 9 to 21% between 1986 and 1988, before dipping after the Iran-Iraq war in the early 1990s, yet still averaging 50% of total Iranian civilian imports in the 10 years after the war. Thus, the importance of the arms trade to the Iran- China relationship as well as to Chinese economy overall should not be underestimated.

### **China helps develop Iranian missile capacity**

*(Carrie Liu Currier is the associate professor of political science and the director of Asian Studies at Texan Christian University, "In Arms We Trust: the Economic and Strategic Factors Motivating China-Iran Relations," Journal of Chinese Political Science,*

*[https://www.researchgate.net/profile/Carrie\\_Currier/publication/225227083\\_In\\_Arms\\_We\\_Trust\\_the\\_Economic\\_and\\_Strategic\\_Factors\\_Motivating\\_China-Iran\\_Relations/links/56bb88ed08ae2481ab6ac6ea.pdf](https://www.researchgate.net/profile/Carrie_Currier/publication/225227083_In_Arms_We_Trust_the_Economic_and_Strategic_Factors_Motivating_China-Iran_Relations/links/56bb88ed08ae2481ab6ac6ea.pdf), December 2009)*

With respect to estimates on the weapons and missile programs, quantity or dollar amounts should be approached carefully given the secretive nature of military-related transfers in these countries. Most figures provide only one part of the story by capturing direct party sales. But third party transfers, high-level military exchanges, knowledge transfers, and dual-use technology (military or civilian) development must also be examined to understand the complete picture of weapons transfers. Hence, the missile trade between China and Iran involves not only transfers of the weapons themselves but also cooperative efforts that include the transfer of technology and knowledge to allow for Iranian development of these items. Iran's location in a "tough neighborhood" with several military powers having their own missile-development programs, a sizeable U.S. presence in Iraq and Afghanistan, and nuclear-capable neighbors (Israel, India, Pakistan, and Russia) has made indigenous missile production a necessity for Iranian defense. China has helped provide for Iran's long term security needs by transferring both weapons and the technology and knowledge to produce its own weapons systems.

### **Various areas of Chinese missile aid**

*(Carrie Liu Currier is the associate professor of political science and the director of Asian Studies at Texan Christian University, "In Arms We Trust: the Economic and Strategic Factors Motivating China-Iran Relations," Journal of Chinese Political Science,*

*[https://www.researchgate.net/profile/Carrie\\_Currier/publication/225227083\\_In\\_Arms\\_We\\_Trust\\_the\\_Economic\\_and\\_Strategic\\_Factors\\_Motivating\\_China-Iran\\_Relations/links/56bb88ed08ae2481ab6ac6ea.pdf](https://www.researchgate.net/profile/Carrie_Currier/publication/225227083_In_Arms_We_Trust_the_Economic_and_Strategic_Factors_Motivating_China-Iran_Relations/links/56bb88ed08ae2481ab6ac6ea.pdf), December 2009)*

China is believed to have helped Iran in the following areas: build a large missile factory in Isfahan, a plant and test range near Tehran, a solid propellant manufacturing facility at Semnan; administer training for Iranian scientists; conduct high-level military training and exchanges on advanced systems; provide technical support that involved reverse-engineering for Scud development; supply specialty steel for missile construction; and provide guidance and control technology for missile development. However, the extent of this assistance is complicated by the lack of detailed data documenting these activities.

### **Nuclear cooperation**

*(Carrie Liu Currier is the associate professor of political science and the director of Asian Studies at Texan Christian University, "In Arms We Trust: the Economic and Strategic Factors Motivating China-Iran*

*Relations," Journal of Chinese Political Science,*

[https://www.researchgate.net/profile/Carrie\\_Currier/publication/225227083\\_In\\_Arms\\_We\\_Trust\\_the\\_Economic\\_and\\_Strategic\\_Factors\\_Motivating\\_China-Iran\\_Relations/links/56bb88ed08ae2481ab6ac6ea.pdf](https://www.researchgate.net/profile/Carrie_Currier/publication/225227083_In_Arms_We_Trust_the_Economic_and_Strategic_Factors_Motivating_China-Iran_Relations/links/56bb88ed08ae2481ab6ac6ea.pdf),  
December 2009)

Nuclear cooperation between China and Iran started in the 1980s, when the Chinese filled the void left by the French to construct a research reactor for Iran. Iran had already established a nuclear research center at Isfahan, and in 1985 the Chinese agreed to supply four teaching and research reactors and later supplied fissile material for the reactor cores. Again technical cooperation and exchanges developed between the two, allowing Iranian engineers and scientists to seek nuclear training in the PRC. The areas of nuclear cooperation that received some of the most attention were the transfer of dual-use centrifuges, the transfer of electromagnetic isotope separation device[s] called a calutron, and the assistance in uranium mining and conversion. The scrutiny of these activities was deflected to some extent by the small size of the reactors in question and the fact they would be unsuited to enrich or produce weapons-grade material. Critics argued the smaller training reactors or calutrons could eventually be reverse-engineered to produce larger, military-use ones for a weapons program. At the time, the Chinese were not openly reporting on their assistance to Iran's programs, preferring to keep international scrutiny of their relationship to a minimum. Once their role in Iran's nuclear program was made more visible in the 1990s, the U.S. was quick to voice its concerns and worked to terminate their cooperation, appealing to China to uphold its commitments (formal and informal) to international peace and stability. Meanwhile, the IAEA began inspecting several suspected nuclear facilities across Iran, where inspectors found no evidence Iran was conducting anything other than research and development of energy capabilities.

### **Natural allies, especially to counter US influence**

*(Carrie Liu Currier is the associate professor of political science and the director of Asian Studies at Texan Christian University, "In Arms We Trust: the Economic and Strategic Factors Motivating China-Iran Relations," Journal of Chinese Political Science,*

[https://www.researchgate.net/profile/Carrie\\_Currier/publication/225227083\\_In\\_Arms\\_We\\_Trust\\_the\\_Economic\\_and\\_Strategic\\_Factors\\_Motivating\\_China-Iran\\_Relations/links/56bb88ed08ae2481ab6ac6ea.pdf](https://www.researchgate.net/profile/Carrie_Currier/publication/225227083_In_Arms_We_Trust_the_Economic_and_Strategic_Factors_Motivating_China-Iran_Relations/links/56bb88ed08ae2481ab6ac6ea.pdf),  
December 2009)

China and Iran [are] might be considered natural allies for their interest in containing U.S. influence both globally and regionally, as well as their desire to establish a system less dominated by U.S. interests. For China, stronger ties with Iran were partially motivated by domestic concerns regarding the separatist challenges it faced in Xinjiang, and its desire to secure resources and solidify relationships with states deemed politically undesirable by Western accounts (i.e. Iran, Sudan, Venezuela). China's choice of allies could be seen as both a survival technique, making friends with states like those listed above for their oil resources, but also a move to balance against the rise of U.S. dominance in those respective regions. Some have even argued that specifically China's use of the 'Iran Card' might be considered a "strategic diversion," to keep U.S. interests focused on the Middle East rather than on the problems in China's backyard with a nuclear-driven North Korea. In either case, there is a growing relationship between China and Iran that has garnered the attention of the West. For instance, Iran's efforts to join the Shanghai Cooperation Organization (SCO) have strengthened in recent months. In March 2008 Iran officially put in its bid to become a member of the SCO, and it currently holds observer status in the organization. China's relationship with Iran is rather complex, and while it is not reaching out unconditionally

for a stronger relationship it is making efforts to engage Iran in ways that other states have not. Thus, their strategic alliance puts China in a unique position relative to other states, especially compared to the U.S., and this stronger relationship has not gone unnoticed.

### **Iran is the gatekeeper for Chinese ambition in the Middle East**

*(Michael Swaine is a senior associate at the Carnegie Endowment for International Peace and a former senior policy analyst at the RAND Corporation, "Beijing's Tightrope Walk on Iran," Chinese Leadership Monitor, <http://media.hoover.org/sites/default/files/documents/CLM33MS3.pdf>, June 2010)*

The maintenance of good relations with Iran is viewed as particularly essential to the advancement of these Chinese interests in the Middle East. From a geostrategic perspective, as a large country linking Central Asia and the Middle East, with huge energy supplies, a well-educated public, and an ambitious political leadership possessing regional aspirations, Iran is viewed by Beijing as a rising power with considerable potential influence over the future political makeup and orientation of a vast area of critical importance to China. Of particular significance from a strategic perspective, given its existing policies, Iran stands as a potential counterweight to excessive U.S. influence in the Middle East, a check on U.S. unilateralism on various issues relevant to the region, and a possible source of leverage in support of Chinese interests vis-à-vis other regional powers such as Saudi Arabia and Israel. In other words, Beijing believes it can potentially employ good relations with Tehran to gain political influence vis-à-vis the key adversaries of Iran, particularly Washington, Riyadh, and Jerusalem.

## **Economy**

China is naturally interested in Iran because of Iran's large oil and gas reserves. China needs petroproducts to fuel its economy, and as its economy is growing, so is its demand for petroproducts. Iran has been grateful for Chinese interest in their products as many Western countries have issued sanctions on Iran due to Iran's nuclear program.

### **China sees Iran as economic partner, refused sanctions**

*(Erica Downs is a Senior Analyst for Asia at the Eurasia Group and a former fellow at the John L. Thornton China Center at the Brookings Institute, and a lecturer at Foreign Affairs College in Beijing, "Getting China to Sanction Iran," Foreign Affairs, <http://tonyrivera.net/wp-content/uploads/2015/08/Getting-China-to-Sanction-Iran.pdf>, April 2011)*

Two likely flash points concern Chinese investments to recover and produce Iran's oil and natural gas (upstream activities) and China's sale of gasoline to Iran. First, Tehran is likely to continue to seek upstream investments from China's national oil companies (NOCs) to compensate for the departure of other firms. Chinese companies have moved carefully so far because of the tough operating environment and diplomatic sensitivities, but the prospect of gaining a larger position in Iran's upstream market will prove increasingly tempting: it is a rare opportunity to secure huge fields that might have gone to Western companies in the absence of sanctions. These NOCs, which are powerful political actors, may try to convince Beijing that gaining access to Iran's hydrocarbon reserves is worth the risk of U.S. sanctions against Chinese companies. Second, Chinese oil traders may want to continue supplying gasoline to Iran even as many European companies voluntarily stop selling in order to avoid new penalties on their business dealings in the United States.

The incentives of Chinese firms are both financial (Tehran reportedly buys the gasoline at a 25 percent premium above the market rate) and political (Beijing opposes U.S. sanctions as extraterritorial legislation that harms the Iranian people).