Chapter 3

China-Iran Diplomatic Relations in Broader Perspective

In January 2016, just after the JCPOA came into force, China's President Xi Jinping visited Tehran, nominally upgrading bilateral relations to the level of a Comprehensive Strategic Partnership. As noted in an earlier chapter, both sides additionally pledged to raise trade tenfold to $600 billion by 2026. Iran had long sought, and only then formally attained such high-level strategic partnership relations with China.

One product of this upgraded relationship is the China-Iran 25-year comprehensive cooperation agreement, signed on 27 March 2021. Though, as discussed, no details of the finalized agreement have yet been released, the Persian-language draft leaked to the press in July 2020 offers important indicators (Foreign Ministry of the Islamic Republic of Iran. 2020). Along with security and diplomatic cooperation, its terms encompass a vast swathe of Iran's economic sectors including port development, telecommunications, and renewable energy. And while the agreement draft is couched in general terms without specific numbers, a point again confirmed after the signing by both countries' foreign ministries, it would nonetheless mark a zenith in bilateral diplomatic relations, at least symbolically, and especially at a time when both China and Iran, along with Russia, are increasingly challenging the US.

This chapter places China-Iran diplomatic relations in broader perspective by examining three key aspects: Iran's standing within China's diplomatic web of partnerships, China's Security Council positions concerning Iran's nuclear program, and Iran's relationship with the Shanghai Cooperation Organization. As we see, despite the above milestones in bilateral diplomacy, Iran still remains only one of China's more important, not the most important,

partners in the region, let alone globally. Furthermore, China's own policy record in both the Security Council and the SCO suggest greater diplomatic inertia in Beijing than Iran has attempted to portray.

China's Universe of Diplomatic Partnerships

China-Iran relations need to be viewed from a Chinese diplomatic perspective too. Xi Jinping's 2016 trip to Iran was only the last leg of his three-country Middle East tour, starting with Saudi Arabia, where he also signed a Comprehensive Strategic Partnership (CSP). Abdelfattah al-Sisi's government in Egypt, the second stop, had already signed a CSP with China in 2014. And during the same trip in which Chinese Foreign Minister Wang Yi inked the 25-year cooperation agreement with his Iranian counterpart Mohammad Javad Zarif, he also visited five of China's other regional partners including Saudi Arabia, the UAE, Bahrain, Oman, and Turkey. Placing the China-Iran CSP into context requires understanding China's diplomatic system of "partnerships."

Chinese diplomacy pivots on the stated "Five Principles of Peaceful Coexistence" it first brooked with India in April 1954. These are: mutual respect for sovereignty and territorial integrity; mutual non-aggression; non-interference in each other's internal affairs; equality and mutual benefit (what the Chinese repeatedly refer to as "win-win cooperation"); and peaceful coexistence. By this logic, China has also sidestepped formal alliances since the 12th Party Congress in 1982 (with the residual albeit arguable exception of North Korea, through the 1961 Sino-North Korean Treaty of Friendship, Cooperation, and Mutual Assistance, itself valid until 2021 unless renewed), viewing these as Cold War artifacts, and instead prefers partnerships without alignment.

While they vary widely in names, these very broadly fall under three gradations, at the top of which are comprehensive strategic partnerships, followed by strategic partnerships, and then regular partnerships (see, for instance, Li & Ye, 2019, pp. 66-81). As of late 2016, including Iran, China had CSP relations with about 35 states and the EU. Within the CSP band, however, there is qualitative variation. At the summit are China's Comprehensive Strategic Partnership of Coordination with Russia (upgraded in 2011) and its All-Weather Strategic Cooperative Partnership with Pakistan (2005). In addition, Germany and the UK respectively enjoy an All-Round Strategic

Partnership and a Global Comprehensive Strategic Partnership for the 21st century. China also has Comprehensive Strategic Cooperative Partnerships with Belarus, Cambodia, Chile, Laos, Myanmar, Congo-Brazzaville, Thailand, and Vietnam. It maintains CSPs, properly speaking, with the remaining but already growing list of countries.

Within the Middle East and North Africa (MENA), China has signed CSPs with Algeria and Egypt (2014), Saudi Arabia and Iran (2016), and the UAE (2018). It likewise has a Comprehensive Innovative Partnership with Israel (2017) and a Strategic Cooperation Partnership with Turkey (2010). It similarly maintains mid-level strategic partnerships with Sudan and Qatar (2014), Iraq and Jordan (2015), Morocco (2016), Djibouti (2017), and Kuwait and Oman (2018).

Consequently, CSP-grade relations do not place Iran within an ultra-exclusive group, let alone privilege Iran above Beijing's other comprehensive strategic partners. For China, CSPs are at least as important with a number of other regional countries such as Saudi Arabia and the UAE and, outside the region, even more important with near-allies like Russia and Pakistan. Indeed, China also continues to maintain CSPs with partners increasingly at odds with it, such as Australia (CSP since 2014), a country with little over one-third of Iran's population but nearly 2.5 times its economy and, in 2019, goods trade with China totaling $167.7 billion – over sevenfold more than Iran-China trade. In November 2020, both China and Australia, along with Japan, South Korea and New Zealand as well as ASEAN's 10 member states signed the Regional Comprehensive Economic Partnership (RCEP), touted as the largest-ever free trade agreement. No similar free trade agreement, bilateral or multilateral, exists between China and Iran, not even their 25-year strategic cooperation agreement.

China's Security Council Positions towards Iran

Iran's reliance on China as a diplomatic patron and backstop has increased over time. And yet, the compliment is not always returned, including where Chinese diplomatic support would have most mattered to Iran – at the Security Council, as Iran's nuclear standoff worsened. In the 10 UN Security Council resolutions (UNSCR) issued against Iran between July 2006 and June 2014, China voted for every single one *without exception*.

The first, UNSCR 1696 (2006), demanded a halt to Iran's uranium enrichment program (only Qatar voted against), and was itself a démarche made possible after the International Atomic Energy Agency's (IAEA) board of governors decided, in a majority vote including China, Russia and India, to refer Iran to the Security Council in February 2006. Following this was UNSCR 1737 (2006), which imposed the first set of sanctions on Iran for its failure to stop enrichment activity, with UNSCR 1747 (2007) then expanding on these sanctions.

The following year, UNSCR 1803 (2008) called on Iran to cease uranium enrichment (only Indonesia abstained), while UNSCR 1835 (2008) reaffirmed the previous four resolutions. The most politically and economically significant would be UNSCR 1929 (2010), which greatly intensified these sanctions with China and Russia's full buy-in (only Brazil and Turkey voted against, while Lebanon abstained). Four other resolutions which China voted for – UNSCR 1984 (2011), UNSCR 2049 (2012), UNSCR 2105 (2013) and UNSCR 2159 (2014) – all extended the mandate of the Panel of Experts' sanctions monitoring activity.

However, Beijing also sought to soften the letter if not the spirit of the resolutions, keeping them beyond the military purview of Article 42 (Chapter VII) of the UN Charter. This it did to protect its economic interests in a captive market, forestall the possibility of regime change in Tehran by foreign powers, and – despite the optics – continue keeping Iran on its side.

After the US' 2018 withdrawal from the JCPOA, China repeatedly criticized the Trump administration for contravening multilateral diplomatic norms and international law even though Iran had, according to the IAEA's inspectors, held up its end of the deal. In August 2020, China along with 12 of the 15 Security Council members vetoed the US' attempt at extending the arms embargo on Iran, slated to expire within two months. Similarly, in September, China, alongside Russia and the E3 ignored the US' unilateral announcement that all UN nuclear-related sanctions on Iran had henceforth snapped back.

While Chinese state-owned companies and banks have generally shunned Iran under the threat of US sanctions exposure, other Chinese or China-based firms with less exposure have continued cooperating in different sectors including missile technology, air freight, oil, and especially oil shipments,

including at least two COSCO Shipping Corporation subsidiaries, according to US authorities.

Furthermore, Russia has indicated interest in selling Iran weaponry after the UN embargo's expiry, and China may do likewise (Tasnim, 2020). In mid-September 2020, then-US secretary of state Mike Pompeo warned the US would prevent Iran from purchasing "Chinese tanks and Russian air defense systems" (Al Jazeera, 2020). In its October update, the IMF assessed the accessible, non-frozen portion of Iran's foreign exchange reserves to have dwindled to $8.8 billion – compared to $122 billion in 2018. But China, at least as of late 2020, still retained some $20 billion in Iranian export revenues which could go towards financing any military purchases, if or when Tehran does buy.

Iran and the Shanghai Cooperation Organization

A third aspect of Iran-China relations lies in Tehran's longstanding request for full membership in the SCO. Iran became an observer state alongside India and Pakistan in July 2005. But since Tehran's official application for full membership in 2008, the SCO has deferred on a decision. In 2010, the SCO formalized its membership criteria, precluding applicants facing UN sanctions – an implicit reference to Iran – or engaged in armed conflict.

Even if the SCO lacks a common defense clause comparable to the North Atlantic Treaty Organization's (NATO) Article 5 and the Collective Security Treaty Organization's (CSTO) Article 4, Iran's conflictual relations with the US and a number of other states, especially during the period spanning Ahmadinejad's presidency, risked dragging the SCO into fights not of its choosing. Significantly, Iran's SCO membership request was also the first time the Islamic Republic, which has long flaunted sovereign independence as a virtue, had voluntarily sought a security-oriented partnership with major powers.

Officially, membership requests, like other institutional decisions, require consensus by all SCO members. Incensed over Tehran's hosting a Tajik opposition Islamist figure in December 2015, Tajikistan for a while ostensibly posed the main obstacle to Iran's membership. But despite the official requirement for consensus, there is little question that any final decision on SCO expansion depends on Russia and, perhaps more importantly, an increasingly powerful and influential China. At the very least, if they

wanted Iran's accession, both could easily gang-press the other members into acquiescence, suggesting that China too is not yet fully on board with the idea.

In 2017, the SCO finally admitted India and Pakistan, relenting on its earlier membership barrier concerning armed conflict. But until now, even with UN sanctions on Iran lifted from January 2016, the SCO or China has yet to signal progress on Tehran's application – except in one passing and ambiguous instance.

In the leaked draft of the 25-year cooperation agreement, section 9 of annex 3 calls for the continuation of both countries' support for the other in international and regional forums and organizations. It also stipulates "China's active support for the full membership of the Islamic Republic of Iran in the Shanghai Cooperation Organization." This is the only entity specified by name in this section.

Separately, section 8 of the same annex calls for cooperation on counterterrorism and issues such as transnational crime and trafficking, as well as the conduct of joint air, naval, and land military exercises. These modalities of cooperation all fit squarely within the SCO's remit, and for conventional military exercises, the SCO's "Peace Mission" war games which usually take place yearly or biennially involving up to 10,000 troops.

Iran has so far held joint naval drills with China in the Persian Gulf and separately with Russia in the Caspian Sea. For the first time, in December 2019, it also conducted trilateral naval exercises with both China and Russia, this time in the Gulf of Oman and the northern Arabian Sea. SCO admission would extend these to land and air military exercises throughout Eurasia, and potentially give the SCO war gaming access to the Persian Gulf.

The SCO's eight full members make up 20-25 percent of the world's economy and almost half its population. These also include two major energy exporters and four nuclear weapon states – two of which are the US' main strategic competitors. Iran's full accession would add another energy supergiant with a foot in both the Caspian and the Persian Gulf, as well as a threshold nuclear weapon state.

Internally, however, the SCO is increasingly incohesive with existing extra-organizational conflicts – between India and Pakistan, and China and India for instance – seeping in. Likewise, Russia – without which China likely could not and would not have forayed into Central Asia in the 1990s – remains

suspicious of China's broader, non-economic Eurasian ambitions. Even on economic affairs, it has undercut China's proposals for an SCO Development Bank and free trade zone, which Beijing would have summarily dominated (Gabuev, 2017). Such proposals would have simultaneously risked eating into Russian-dominated regional organizations like the Eurasian Economic Union, membership of which includes Kazakhstan and Kyrgyzstan, which are also SCO members. Russia has likewise pressed to expand, and hence dilute, the SCO's Eurasian-focused membership, especially with the inclusion of India (Gabuev, 2017).

This may explain why, so far, Russia has signaled more enthusiasm than China for Iran's full accession. Meanwhile, China has preferred working with partners through the Belt and Road Initiative, and in mid-2020 began separately engaging the five Central Asian republics ("5+1"), sidestepping Russia. If decisions run on consensus within the SCO, then little wonder that policy inertia prevails. The upshot is that while Iran may view full admission as the institutionalization of its anti-US external balancing strategy, the SCO's internal tensions and paralysis, particularly between China and Russia, would ironically leave Tehran with an objectively weaker institutional bulwark.

Conclusions

Iran-China diplomatic relations bespeak more media prominence than actual privilege. As with its economic aspects, they are asymmetrical in being far more important to Iran than they are to China. While bilateral relations have been upgraded to the CSP level, China maintains a raft of bilateral relations at similar or higher levels. Within the Middle East, this includes ties with some of Iran's leading adversaries or competitors including Saudi Arabia, the UAE. and Egypt, even as Beijing maintains its most significant diplomatic partnerships outside the region with countries like Russia and Pakistan. On the diplomatic and commercial fronts, China has made greater strides even with of-late increasingly assertive comprehensive strategic partners like Australia than it has with Iran, despite China's constant declarations of friendship and support to Tehran.

True, China provided a crucial diplomatic and military backstop to Iran during the latter's eight-year war with Iraq, and Beijing was again Tehran's main economic lifeline during the UN sanctions years, when Iran's oil exports and economic growth largely contracted. Yet China also shortchanged Iran at

critical junctures, especially when Beijing's own relations with Washington demanded it. When Iran most needed diplomatic support in the Security Council over its controversial nuclear program, Beijing backed sanctions, merely diluted the wording of resolutions, but then exploited to the hilt Iran's isolation to capture the country's markets. China did not endorse just UNSCR 1929 (2010), the hardest-hitting resolution, but all 10 Iran-related UNSCRs in that eight-year period.

In addition, while Iran has officially applied to, and repeatedly signaled its interest in joining the SCO as a full member – its only such official request to any organization with a security agenda – the SCO, with China now arguably the more influential of its two co-leads, has yet to advance Iran's dossier in any meaningful way even after a dozen years.

Future indicators of China granting Iran relatively higher diplomatic priority include a CSP upgrade with a unique designation, Iran's accession to the SCO as full member, and robust – and unflagging – implementation of the 25-year agreement, which according to the leaked draft includes wide-ranging diplomatic, economic and military cooperation.

An improvement in Tehran's relations with Washington would smoothen, for instance, China's trade and investments ties with Iran. However, détente would for Iran also lower the urgency of China's diplomatic, economic, technological, and military patronage. This may have been the reason for which both sides took four years to only produce a generic 18-page draft document following Xi Jinping's 2016 Tehran visit. After having agreed on the JCPOA and hence détente mainly with the US but also the EU, Hassan Rouhani's government moved to rebalance its external relations by reengaging the West. But when Trump abandoned the JCPOA and embarked on "maximum pressure," Rouhani's government found itself having to recenter its external relations on China as well as Russia. That the Iranian side leaked the draft in its Persian version is hence unsurprising, very likely a signal to both Beijing, to publicly bind it to commitment, and to Washington, to show Iran cannot be cowed into submission.

US President Joe Biden, even before assuming office, indicated he would return to the JCPOA if Iran complied with its commitments. Biden is, however, also still quite unlikely to squander the leverage created by Trump to press for broader concessions on Tehran's nuclear program, ballistic missiles, and regional behavior. His emphasis on multilateral diplomacy is moreover

rather likely not only to facilitate renewed talks with Iran but also to enable a stronger international front against Tehran if it refuses to brook more far-reaching concessions. Both China and Russia have voted against Iran at the Security Council where interests intersected and a tactical consensus among the Permanent Five prevailed. This scenario is once again somewhat more probable under Biden, compared to Trump.

At the same time, though not as bluntly and disruptively as Trump, there is every indication of Biden continuing to significantly pressure China to change its positions on issues like trade, the South China Sea islands, and domestic human rights, and to compete against China's technological rise. If so, these taken together point to the continuation of overlapping diplomatic and strategic interests between Iran and China during Biden's presidency.