

# China and Iran Sign 25 years of Strategic Cooperation Program

April 17, 2021

India seems to be headed for some rough terrain in its relationship with Iran with a leaked draft of the 'Comprehensive Plan for Cooperation between Iran and China' highlighting a deep strategic partnership in the works between Tehran and Beijing. A long-discussed trade, investment and defence pact signed between Iran and China provides Tehran more breathing room as it attempts to fend off American pressure to return to the nuclear deal without preconditions.

**In news:** The Iran-China deal deepens India's strategic bind in an increasingly hostile neighbourhood

**Placing it in syllabus:** Foreign Affairs

**Dimensions:**

- Provisions of the Agreement
- Why does China need Iran?
- Why does Iran need China?
- Impact on India
- How should India handle it?

## Content:

### Provisions of the Agreement:

- A leaked draft of the 'Comprehensive Plan for Cooperation between Iran and China' highlighting a deep strategic partnership in the works between Tehran and Beijing.
- According to the draft and reports on the same, the pact proposes deep economic cooperation between Iran and China, inviting \$400 billion of Chinese investments over

25 years into key Iranian sectors such as infrastructure, manufacturing, energy, transport, ports, refineries and other installations.

- In exchange, Iran would ensure concessional oil and gas supplies to China during that period.
- On the military front, there is a proposal for joint training and exercise, joint research and weapons development.
- In fact, nearly 100 Iranian projects are being offered up for Chinese investments and are expected to be a part of the ambitious Belt and Road Initiative (BRI), which aims to extend China's strategic influence across Eurasia.
- China would also develop free-trade zones in Maku, in northwestern Iran; in Abadan, where the Shatt al-Arab river flows into the Persian Gulf, and on the gulf island Qeshm
- The draft agreement also talks about China building infrastructure for 5G telecommunications network in Iran.
- Chinese global positioning system BeiDou is also proposed to assist Iran's cyber authorities in regulating what is shared in the country's cyberspace, potentially paving the way for Iran to develop a China-like "great firewall".

## **Why does China need Iran?**

- China's interest in Iran is rooted in its quest to secure its energy supply.
- Iran has the second-largest crude oil reserves in the region, and it holds a key position in China's Belt and Road Initiative. It can open a China-Pakistan-Iran corridor for Beijing.
- Iran is an important strategic player in the Middle East region, and it represents a vacuum of US access and an opportunity for China to engage.

- The Iran-China strategic partnership is aligned to President Xi Jinping's cornerstone of its foreign and domestic policy envisaged under the Belt and Road Initiative (BRI) which is the new name for its 'One Belt One Road' (OBOR) initiative.

## **Why does Iran need China?**

- Since coming to power in 2017, US President Donald Trump has withdrawn from the 2015 Iran nuclear deal, which froze the country's nuclear programme, and enforced comprehensive sanctions on Iran, devastating its economy.
- There has also been no relief for Iran even during the Covid-19 pandemic.
- US "maximum pressure" tactics have made Iran even more dependent on China, to whom it looks to ease its isolation. Tehran's desperation has pushed it into the arms of China.
- Iran needs China much more than China needs Iran.
- Until now, Iran used to seek European cooperation for trade and investment, but it has reportedly grown increasingly frustrated with it.
- The prospect of Chinese investment might help Iran end its isolation and benefit its current position in renegotiating the Joint Comprehensive Plan of Action (JCPOA) reached by Iran and the P5+1 (China France, Germany, Russia, the United Kingdom, and the United States) on July 14, 2015

## **Impact on India:**

- This certainly complicates things for India.
- India is currently locked in a military-security tussle with Beijing in eastern Ladakh and is reviewing Chinese economic and business reach in India.
- But India has important ties with Iran, particularly in the context of its Afghanistan policy. India's

involvement in Iran's Chabahar port is crucial to establishing an alternative route to Afghanistan bypassing Pakistan.

- In fact, India was supposed to construct the rail link between Chabahar and Zahedan located along the Iran-Afghanistan border. The same rail link is to be extended to Zaranj on Afghan soil.
- But Iran has decided to construct the rail project on its own after delays from the Indian side.
- While India officially says that it is still committed to the project, the truth is it has found it difficult to find equipment suppliers over fears that they could be targeted by US sanctions.
- US sanctions have forced India to eliminate its oil imports from Iran. Tehran has taken this to mean that if push comes to shove, New Delhi will side with Washington.
- Therefore, India's strategic calculation of courting the US to offset China's aggressive moves comes with a price.
- It jeopardises India's connections with Iran which now is looking to enhance ties with China, whose investments in the Islamic Republic could overwhelm Indian stakes there.
- Iran has already proposed a tie-up between the Chinese-run Pakistani port of Gwadar and Chabahar, and has offered Beijing stakes in the Bandar-e-Jask port just 350 km from Chabahar.
- And all of this could cut India's prospective Iranian link to Afghanistan.

## **How should India handle it?**

- Growing Chinese footsteps in Iran will have a long-lasting impact on our relationship with not only Iran but also on Afghanistan and Central Asian nations.
- Actually implementing a multi-alignment strategy may

provide a way out for India.

- This includes exercising caution on any alliance-like commitments to the evolving Quad and a much more forceful outreach to non-adversarial actors in India's extended neighborhood, including Iran and Russia who have their own concerns about China.
- The exigencies of geopolitics demand nothing less.

**Mould your thought:** What are the implications of the 25-Year Iran-China strategic agreement for India? How should India tackle this issue?***Approach to the answer:***

- Introduction
- Discuss the provisions of strategic agreement in Brief
- Discuss its effect on India
- Suggest the diplomatic measures that India can take
- Conclusion