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*Arařtırma Makalesi*

**AN OVERVIEW OF CHINA-IRAN RELATIONS AND ITS IMPACT ON  
CENTRAL ASIA\***

**Çin-İran İliřkileri ve Bunun Orta Asya Üzerindeki Etkisine Genel Bir Bakıř**

**Yavuz ÇELİK\*\***

**Abstract**

*On March 27, 2021, Iran and China signed a 25-year strategic cooperation agreement that addresses economic partnership. Since the Deng Xiaoping era in 1978, China’s rapid economic growth has continuously elevated its position of this country in the international system. Today China is not limited in its borders, and its growing influence has a stake in regional and international issues. Iran officially recognized China in 1967, and diplomatic ties have begun, and it mainly developed positively. The scope of the study will be since 1991 when the Soviet Union collapsed and altered the nature of the international system and in the context of China- Iran relations, the focus will be on Central Asia, where the two countries have had an impact. Following the dissolution of the Soviet Union, China has gained a significant position in the newly independent Central Asia States, making China a significant player in the region. On the other hand, Iran has a strategic location in the Persian Gulf, and its placement at the crossroads of the Middle East, Central Asia, and South Asia has long made it a target for regional and global actors desiring control over a critical section of the Eurasian landmass. This study also analyzes the Shanghai Cooperation Organization (SCO) and Belt & Road Initiative (BRI) that significantly affect China-Iran relations.*

**Keywords:** China, Iran, The SCO, The BRI, Central Asia.

**Öz**

*27 Mart 2021’de İran ve Çin, ekonomik ortaklıęı ele alan 25 yıllık stratejik iř birlięi anlaşması imzaladı. 1978’deki Deng Xiaoping Döneminden bu yana, Çin’in hızlı ekonomik büyümesi, bu ülkenin uluslararası sistemdeki konumunu sürekli olarak yükseltti. Bugün Çin, kendi sınırlarıyla kısıtlı değildir ve artan nüfuzunun bölgesel ve uluslararası meselelerde bir etkisi vardır. İran, 1967’de Çin’i resmen tanıdı ve diplomatik ilişkiler başladı ve temelde olumlu yönde gelişti. Çalışmanın kapsamı, Sovyetler Birlięi’nin çöktüęü ve uluslararası sistemin doğasını deęiřtirdięi 1991 yılından bu yana olacak ve Çin-İran ilişkileri bağlamında iki ülkenin etkisinin olduęu Orta Asya’ya odaklanılacaktır. Sovyetler Birlięi’nin daęılmasının ardından Çin, bağımsızlıęına yeni kavuşan Orta Asya Devletleri için önemli bir konum kazanmış ve bu durum Çin’i bölgede önemli bir aktör haline getirmiştir. Öte yandan İran, Basra Körfezi’nde stratejik bir konuma sahiptir ve Orta Doęu, Orta Asya ve Güney*

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*Asya'nın kavşağında yer alması, onu uzun süredir Avrasya'nın kritik bir bölümü üzerinde kontrol isteyen bölgesel ve küresel aktörler için bir hedef haline getirmiştir. Bu çalışma aynı zamanda Çin-İran ilişkilerini önemli ölçüde etkileyen Şanghay İş Birliği Örgütü (ŞİÖ) ve Kuşak ve Yol Girişimi'ni (BRI) de incelemektedir.*

**Anahtar Kelimeler:** Çin, İran, ŞİÖ, BRI, Orta Asya.

## **Introduction**

China and Iran are very significant actors in Central Asia. One could argue that China's influence in Central Asia is much stronger than any country in the region, including Russia, Iran, and India. Since Iran's official recognition of the People's Republic of China in 1967, ties between Iran and China have been primarily positive. In 1971, the two countries established diplomatic relations. Although the revolutionary forces' victory in Iran in 1979 was a significant blow to their ties, the situation quickly altered when the Iran-Iraq War broke out in 1980. While both global giants backed Iraq, China's leadership offered significant help to Iran, which the Iranians did not forget after the War (Osiewicz, 2018: 224).

Even though China become a significant investor in Central Asia, it is not the only one in the region. Other essential stakeholders in Central Asia include the United States (U.S.), Turkey, Iran, and Russia, affecting the region's economy and future growth. Iran's strategic location in the Persian Gulf and its placement at the crossroads of the Middle East, Central Asia, and South Asia has long made it a target for ambitious powers desiring control over a key section of the Eurasian landmass. Its vast hydrocarbon resources—the world's third-largest proven stocks of conventional crude oil and second-largest proven natural gas reserves—have bolstered its strategic relevance since the dawn of the oil era. The country's hydrocarbon resources are essentially comparable to Saudi Arabia's and much higher than Russia's, thanks to its natural gas and oil deposits (Leverett and Leverett, 2013: 26-27).

According to state television, Iran and China announced a 25-year strategic cooperation pact on March 27 to solve economic concerns in the face of severe U.S. sanctions. According to the news, the Comprehensive Strategic Partnership deal encompasses a wide range of economic activities, including oil and mining, and supporting industrial activity in Iran, transportation, and agricultural cooperation. The agreement also helps tourism and cultural connections. It comes on the 50th anniversary of China and Iran's establishment of diplomatic ties. This is a significant agreement, particularly for Iran, because the agreement was the first time Iran entered into such a long-term arrangement with significant international power. Iran and Russia signed a 10-year cooperation deal in 2001, mainly in the nuclear area, which was later extended to a total of 20 years by two five-year extensions (Tiezzi, 2021).

## **The Interdependence Between China and Iran**

The dissolution of the Soviet Union and the establishment of independent Central Asian republics as Iran's new neighbors (Azerbaijan, Turkmenistan, Kazakhstan, Uzbekistan, Tajikistan, and Kyrgyzstan) have presented the Iranian leadership with new security challenges as well as economic and trade opportunities. Iran has accomplished several notable successes in Central Asia and the Caucasus while facing stiff political and economic rivalry from Russia, China, the U.S., and Turkey. While Iran's influence on the region's economic and political developments should not be overstated, it is reasonable to claim that it has contributed to its economic development and political stability and is expected to do so in the future. It is worth remembering that Central Asia and the Caucasus had been influenced by Iran until the early nineteenth century; therefore, Central Asians have long had historical and cultural links with the latter (Tarock, 1997: 185).

Wu Yi, a former member of China's State Council, visited Iran in March 2002 to meet with President Mohammad Khatami. The purpose of the visit was to strengthen commercial and economic connections between the two countries. Iran's former Foreign Minister Kamal Kharrazi traveled to Beijing in August 2003 for more business discussions with Wu. China has emerged as one of Iran's most significant trading partners in commerce. Bilateral commerce has grown dramatically at that time, with the previous year's total reaching \$3.3 billion, more than ten times greater than a decade earlier. Electricity, dam construction, cement plants, steel mills, railways, shipbuilding, transportation, oil, gas, and refineries are where Chinese companies operate in Iran. Chery Automobile Co Ltd, a Chinese automaker, launched its first foreign production unit in Iran in February 2003. China and Iran are also

working together to build ports, jetties, airports, and infrastructure, including highways and metros in six Iranian cities (Shuja, 2005: 148).

Iran and China, two of the world's oldest countries and two grand empires formerly neighbors have a millennia-long history of bilateral connections. Today, the historical Silk Road is the Chinese massive Belt and Road Initiative (BRI); it best symbolizes the close and even unique relationship between Iran and China at various times in the ancient past. Since antiquity, the two countries - cultures – with rich, ancient civilizations and a magnificent past have had strong cultural links and have affected each other in various ways. That close relationship has deteriorated significantly in recent centuries due to a general decline in their power and marginalized status in world affairs, resulting, among other things, from their exposure to colonialist rule and influence – to varying degrees – in the 18th and 19th centuries (Shariatinia, 2011: 58). However, the main focus of this study will be the last three decades of the relationship that started following the dissolution of the Soviet Union. Such development significantly altered Iran's and China's security environments and foreign policy agendas. In the post-Cold War unipolar world, continued tension between Tehran and Washington, as well as the perpetuation – and at times exacerbation – of the U.S. threat against Iran's national security and interests, as well as the development of China's relations with the U.S. within the overall context of strategic cooperation and competition, have had a peculiar two-way effect on Iran-China relations. They have operated as both enabling and restricting elements, resulting in mutually acknowledged priority for specific sectors, such as trade and economic cooperation and energy cooperation (Shariatinia, 2011: 62).

Iran has played a significant role in implementing Chinese energy projects in the Central Asian region and developing transportation routes. For example, Iran could be one of the significant factors in developing routes between Turkey and China, with the participation of regional countries. Iran's Minister of Transport, Abbas Akhod, stated that the country is expanding its railway network to better cooperate with China's Central Asian infrastructure and logistics plan. Iran plays a significant role in two Chinese economic priorities: the first is to develop trade with Turkey, and the second is to increase Chinese commodities to Iranian ports in the Strait of Hormuz. By 2020, Beijing hopes to have trains running between Kashgar in western China and Istanbul (Eurasianet, 2017).

President Xi Jinping visited Tehran in January 2016, and he emphasized that China and Iran were natural partners in implementing the BRI. In the context of the BRI, he also urged both sides to increase cooperation in infrastructure, interconnection, manufacturing capacity, and energy. Ali Khamenei responded by saying that Iran will drive bilateral practical collaboration to unprecedented heights. Soon after, Xi visited with Iranian President Hassan Rouhani and inked 17 multibillion-dollar deals. Iran was surprisingly under-represented at the BRI Forum for International Cooperation in Beijing in May 2017. Iran was represented at a ministerial level, even though 29 heads of state and government arrived in China to meet with and speak with President Xi (Osiewicz, 2018: 226).

One of the reasons why China is a significant partner for Iran is that throughout the nuclear crisis, the U.S. worked closely with international powers and Iran's trading partners to ensure that sanctions successfully pushed Tehran. Most of Iran's trading partners cut their commerce with the nation willingly or responded to Washington's pressure. China's status as Iran's first economic partner and veto power in the United Nations Security Council proved divisive. China maintained and even increased commerce with Iran, and Chinese firms stepped in to fill the hole left by the absence of European and Asian competitors.

Iran is an important factor in China's trade with Europe via Central Asia. Europe is one of the significant destinations of China's trade via Kazakhstan. Between 2012 and 2014, freight movement between China and Europe via Kazakhstan more than quadrupled, reaching 91,500 tonnes recently. The China–Europe line was traveled by 565 trains with 50 to 80 carriages in the first nine months of 2016. By 2020, the government expects 800,000 containers to be transported over the China–Europe route, 300,000 containers through the Silkwind route across the Caspian Sea, and 400,000 containers along the

Iran routes. Although Iran is not a single factor in China's trade, it is a significant factor for the region in the context of China-Iran bilateral and multilateral relations (Schiek, 2017: 27).

The collapse of the Soviet Union and the formation of new republics resulted in significant and complicated structural changes in the region's geopolitics. These developments significantly impacted neighboring nations' security policies, regional affairs, and ties with Russia and the newly independent republics. Since then, Iran has attempted to carve out a new role in this new environment, consistent with her new geopolitical and economic position. The actions and policies of other countries impact Iranian activity in these partnerships. The U.S. and other nations such as Russia and China have bilateral relations with Iran, influenced by this situation. These limitations stymie and limit Iran's ability to achieve her goals in this manner. Furthermore, as Iran's connections with Central Asian governments improve, these variables will continue to impact (Demir, 2009: 94).

China pays close attention to the second Eurasian shipping bridge, which connects Europe via Kazakhstan, Uzbekistan, Turkmenistan, and Iran. On February 15, 2016, the first transit train from China via Kazakhstan and Turkmenistan arrived in Tehran (Yuldasheva, 2017: 88-89). The supply channel for Chinese commodities through Iran is advantageous to both parties. As China, Iran, and Central Asian countries expand the amount of their foreign commerce, Iran will become increasingly connected to Central Asian routes. For example, between China and Kazakhstan, there is a site called Khorgos dry port, between Kazakhstan and Iran, there is a critical railway that is helping to enhance the volume of commerce throughout Central Asia. The Khorgos dry port is an example of China's most recent infrastructure investment along the Kazakhstan-China border and one of the railway links linking Kazakhstan with Turkmenistan and Iran (Kurbanov, 2018: 86).

According to Iranian officials, the transactions are part of Beijing's US\$ 124 billion BRI, which aims to create new infrastructure, such as trains and links, between China and Europe and Africa to pave the way for increased trade (South China Morning Post, 2017). Iranian railways are projected to play an important role in Central Asian trade networks. Because Iranian officials have struggled to overcome international efforts to isolate Iran due to its contentious nuclear program and other considerations, China plays a critical role in international commerce and finance. Iran's Economic Affairs and Finance Minister Ali Tayebnia met with Chinese Finance Minister Xiao Jie at the BRI conference to explore development aid arrangements (Eurasianet, 2017). The first freight train from China landed in Tehran in February 2016 (Farchy et al., 2016). In this regard, both China and Iran are paying more attention to developing trade and commercial ties with Central Asian nations. The commercial turnover between the two nations is estimated to surpass US\$ 600 billion during the next decade. However, Saudi Arabia and China have decided to form a strategic relationship in several areas of commerce. One could argue that the relationship between Tehran and Beijing is affected by the relationship between China and Saudi Arabia (Yuldasheva, 2017: 91).

Guli Yuldasheva argues that the basis of Iran's foreign policy is creating a multipolar world under the auspices of the United Nations (UN), in which Iran and other Islamic governments may one day constitute one of the main poles. However, due to the current state of insecurity in the Muslim world, this is an unattainable goal. Furthermore, Iran should align its interests in Central Asia with China's, ensuring a stable neighborhood and mutually beneficial collaboration in areas with cultural and historical impact. It is not a difficult task for modern-day Iran since Beijing regards China as an immense power and an autonomous, non-aligned, and growing Asian nation. The Chinese development model, which successfully combines West and East successes while preserving local traditional values, is the most appealing to follow (Yuldasheva, 2014).

According to Chinese estimates, Caspian hydrocarbons will be the primary source of Chinese economic development in the future. With this goal in mind, China actively assists in developing Central Asia initiatives in which Iran is a participant. Beijing, in particular, is involved in several oil import projects, including one that is sourced directly from Kazakhstan. Last but not least, Iran and China are

attempting to closely coordinate their efforts in developing the Belt and Road Initiative. As a result, China's goods supply line to the Caucasus and Central Asia will cross through Iran as well as other lines. A network of transportation lines via China can reduce China's reliance on the American market while also providing an alternate outlet for the Central Asian states to global markets (Yuldasheva, 2014).

### **Political and Geo-Strategical Significance of Central Asia in The Context of China-Iran Relations**

According to some indicators, Central Asia has been a critical place where major players connect, collaborate, and compete. China, Russia, the United States, Europe, and NATO are stakeholders. In addition, India, Iran, and Turkey have increased their regional importance. Their connection with other nations has taken place significantly throughout the area.

Islamic Republic of Iran and China are geographically, historically, culturally, and economically have connections with Central Asia, making their regional policies mutually reliant. After the Iranian nuclear program issue is resolved, this might play a significant role in forming a new international order in Central Asia. However, these ties are intertwined with the rivalry between the U.S. and Russia for influence in Central Asia, Iran, and China. Given the latter's complicated connections with the U.S. and Russia, the Central Asian geopolitics are murky and subject to occasional fluctuations, necessitating careful research (Yuldasheva, 2014).

Central Asia's area is placed between two big powers, Russia and China, and regional and trans-regional players, notably Iran, Pakistan, India, and, to a lesser extent, Afghanistan. On the other hand, Trans-regional forces have transformed Central Asia into a critical geopolitical territory today. Because of the region's geostrategic importance, China has also sought to exploit market openings in Central Asia for Chinese commodities and products. This might lead to access to the whole Russian Federation, Turkey, Iran, and Europe. To summarize, China has been a net oil importer in the recent decade, and Central Asia provides large oil fields for China. Beijing is attempting to keep these oil resources accessible. As previously said, regional stability is critical for both China and other countries such as Russia, Iran in order for regional programs to succeed (Wu and Chen, 2004: 1071).

Iran began its ties with the republics from friendship and goodwill that already existed. Iran's regional political and economic policies have been unusually cautious. On a political level, Iran has been wary of confirming worries raised in the West and Russia that Tehran is attempting to drive the republics toward extremist Islam. Iran's economic activities and achievements have been minimal. This is mainly due to its poor economy, which has prevented it from investing much in development projects in the republics or forming joint ventures with other nations. It is also because Iranian private enterprises and businesspeople have minimal experience investing in other countries, partly because they have limited experience investing in foreign nations. The country's economic sanctions have made it even more difficult for Iranian businesses to compete with their Turkish counterparts in the area (Tarock, 1997: 185).

Furthermore, Turkey and Iran have differing political and economic perceptions of the area. In reality, Central Asian nations require political stability, infrastructural development, and economic collaboration, making China-Central Asia relations crucial for both parties. An examination of the strategic depth of China and Central Asian ties in terms of the Belt and Road Initiative in regional and international politics will be conducted to comprehend this phenomenon better. It will also be examined how regional powers, such as Russia's Eurasian Economic Union, have reacted to this program (EEU).

Central Asia's political significance for China is undeniable, both in international relations and the BRI. The rivalry between Russia, China, the United States, Iran, India, and Pakistan highlights the region's political importance (Blank, 2008). For regional nations like China and Russia, regional stability is critical. China promotes regional development to minimize political and social unrest, particularly in border areas like Xinjiang (Peyrouse, 2017: 97).

To sum, for Central Asia and China, and Iran, security and specific political issues are the most pressing concerns; nevertheless, economic matters are also a hot topic in their collaboration in the Central Asian area. Despite obstacles over the previous three decades, China has managed to establish itself as a crucial economic partner for the area. Beijing may have tried to reach out to rivals such as Russia, the United States, Turkey, and Iran (Strachota and Jarosiewicz, 2013: 5).

### **The United States (U.S.) Factor for China-Iran Relationship**

The Washington's Iranian policy, which prohibits significant investments and active engagement in large-scale projects with Iran, is one of the significant impediments to the effective growth of the Iranian-Chinese collaboration in Central Asia. In international politics, Beijing considers broad sanctions to be unhelpful. Despite its opposition to Tehran obtaining nuclear weapons capabilities, it appears to be allowing peaceful use of the nuclear program since it sees no threat from Iran's current political leadership. On the contrary, this does not align with U.S. goals, which lean toward changing Iran's existing administration if feasible (Yuldasheva, 2014).

For Central Asia, the U.S. is one of the significant stakeholders. In the 1990s, the U.S. was a significant player in terms of security and economics, particularly in the oil industry. Following 2011, the U.S. began to focus on Central Asia to stabilize Afghanistan. The U.S. had two significant military sites in Uzbekistan and Kyrgyzstan, but both were closed in 2004 and 2014. Hilary Clinton brought up the Silk Road Initiative during her visit to India. The U.S. hoped to achieve several geopolitical objectives, including diminishing Central Asian nations' reliance on Russia, reducing Iran's dominance, and improving Turkey's ties with the region. However, instead of becoming legislation, Clinton's notion was used as a metaphor in the region (Schiek, 2017: 10).

Flynt Leverett and Hillary Mann Leverett argued that China has been essential to the U.S.' strategic calculations in Asia, just as Iran has been to its calculations in the Middle East. The success of the Chinese Revolution, which led to the establishment of the People's Republic of China in 1949, was viewed as an unacceptable challenge to American ambitions to dominate a strategically vital region. Similarly, the success of the Iranian Revolution led to the establishment of the Islamic Republic of Iran in 1979. China and Iran have solid ideological identities as revolutionaries. However, as much as their ideologies characterized them, both revolutions were also distinguished by a dedication to restoring their countries' independence after long centuries of Western dominance—a commitment that the U.S. had come to represent by the time each one took place essentially (Leverett and Leverett, 2013: 369).

As Iran's long-standing partners and one of its most important trading partners ally, China, the two countries have shared an annual trade of at least twenty billion dollars in the last years. Five years earlier, in 2016, China and Iran agreed to have boost more than tenfold to 600 billion over a decade; both countries have strained relations with the U.S. and are under sanctions imposed by Washington (Tiezzi 2021). China's opponents claim that the cooperation desires to expand Beijing's economic influence in the middle east.

### **Shanghai Cooperation Organization (SCO) Its Impact on The China-Iran Relationship**

Trade, infrastructure facilities under the BRI, and the SCO have played a critical role in China's growing influence over the Central Asian region at the bilateral and multilateral levels. As Robert O. Keohane put it, "*Cooperation is not always benign: but without cooperation, we will be lost. Without institutions, there will be little cooperation*" (Keohane, 1988: 393). China adopted an active stance toward regional multilateralism by starting with Shanghai Five and creating the first regional multilateral organization in 2001 the five turned to the SCO. For a long time, Central Asia has been prioritized in China's periphery strategy to establish its economic influence and cooperate with other stakeholders including Iran in the region.

The Shanghai Five was created in 1996 by five members: China, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan; then, in 2002, Uzbekistan and 2017 India, and Pakistan became a member. Furthermore,

Iran is among the observer states for the SCO. On April 26, 1996, in Shanghai, China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan signed the Treaty on Deepening Military Trust in Border Regions. It was decided that the five signatory governments' leaders would meet once a year, creating the Shanghai Five mechanism. The Shanghai Five have seen some modifications since 1997. The five countries have enhanced the agreement's substance. There have been political, diplomatic, security and economic challenges discussed in addition to border difficulties. Regional security and economic cooperation have become significant concerns for the Shanghai Five framework (Wu and Chen, 2004: 1060-61).

Hu Jintao stressed that the developments of the SCO achievements are results of all member countries strengthening the cooperation deal with the international situation changes together. He also emphasized that there would be a new achievement as the SCO dealt with all the challenges. As long as the member states stay together and support each other, consequences will favor each side. He also addressed to people of the region by emphasizing that they independently choose the roads of the development according to their conditions, and people have the wisdom and ability to handle their internal and regional affairs of the region. At the end of his speech, Hu indicated that the SCO is necessary for the member states to realize their interests. The Beijing side is likely to continue working with all countries to seek solidarity, cooperation, and development thanks to the SCO; all member states can benefit and maintain peace and joint development (Hu Jintao Attends the Shanghai Cooperation Organization (SCO) Summit and Delivers an Important Speech, 2005).

Many Western analysts are concerned that the SCO will be exploited to the harm of Western nations. Western analysts have suspected from its formation that it will be utilized as a counterparty to the E.U. or the North Atlantic Treaty Organization. China and Russia have also rejected this notion, claiming that the group is not designed to monitor Western institutions. Observer states like India, Iran, and Pakistan have also shown interest in joining, which is a source of worry for Western observers. If this is the case, the SCO has the potential to become a compelling international organization, rivaling the European Union (E.U.) and NATO while potentially being as crucial as the G-20 and the BRICS. However, it is too early to predict the implications for the time being; however, according to current forecasts, the SCO has been quite effective in promoting up markets and ensuring regional stability.

Alexander Cooley and John Heathershaw argue that the SCO presents itself as a new style international organization that has the principle of the non-interference in the sovereign affairs of its member countries (Cooley and Heathershaw, 2017: 193). China uses multilateral organizations such as the SCO as a tool to replicate its economic success by considering the needs of the states in Central Asia. By improving relations with Central Asian countries, focusing mainly on economic cooperation based on multilateralism and interdependencies, Beijing is getting an important tool that stabilizes and economically liberates western China, which is perceived to be too backward compared to the country's East Coast - and diversifying its energy resources (Lakatos and Kosztur, 2017: 68). Beijing-Tehran economic cooperation has been significantly facilitated by China's growing reliance on Iran's energy imports and bilateral relationships.

### **The Belt and Road Initiative (BRI) and Its Impact on The China-Iran Relationship**

For both sides to get maximum benefit, the Belt and Road Initiative's eventual viability is also dependent on Iranian involvement and assistance, particularly in terms of geopolitical and logistical difficulties. As a result, the Chinese will go to great lengths to delight their Iranian counterparts, while the Iranians will go to great lengths to recruit Chinese investors and reap the project's benefits (Osiewicz, 2018: 229). Majidreza Hariri, president of the Iran-China Chamber of Commerce and Industries, emphasized that BRI is likely to help countries' infrastructure, especially in the transportation system of Iran. Furthermore, he added, with the participation of Iran in the BRI, Iran's mining sector will be developed, and it will contribute to the domestic economy of Iran (Ke, 2019).



China's Belt and Road Initiative scale and its expanding prominence as a global economic superpower have evoked great hopes and great anxieties. China has positioned the BRI to promote connectivity, collaboration, and trade. Countless research on the BRI begins with these startling figures: It was introduced in Kazakhstan in 2013 and is expected to include more than 70 nations worldwide, accounting for 1/3 of global GDP and 2/3 of the global population. Six economic corridors are being developed to connect Asia, Europe, and Africa by land and sea. China aims to invest at least \$1 trillion in infrastructure development through several funds (Zogg, 2020: 82).

Rail connection to Tehran is a significant development in the Beijing-Tehran relationship over Central Asia. Following China's BRI, which has seen continued investment in overland rail across Central Asia, the first freight train from China landed in Tehran in February 2016. This, combined with Iran's historic nuclear deal with the West in 2015, has opened the door for partnerships with France and Germany to modernize the country's railway network, boosting Chinese-Iranian commerce (Farchy et al, 2016).

Song Zhiping, China Building Materials Group Chairman, described Chinese developments in Iran as a win-win situation that both sides can benefit. He said that Chinese manufacturers might move manufacturing lines to Iran 20 percent to 30 percent less than their international counterparts. The relationship between China and Iran in terms of economic and foreign policy is unique. Beijing's policymakers tend to organize their work inside multiple ministries along regional lines, with separate departments dealing with different topics (Eurasianet, 2017).

The consequences of China's influence and the BRI are visible in Central Asia. As a result, Central Asia and Eurasia are crucial for research into China's rising international involvement and the BRI, how states along the Belt have received and shaped the Initiative, and what (geo)political consequences are this has resulted. Analyzing China's behavior in Central Asia and Eurasia will offer more insight into the connection between politics and economics, the relationship between economics and security, and China's transformative power and soft power in general (Zogg, 2020: 82). Chinese companies signed \$1.5 billion worth of contracts in Iran in 2015. Iran has grown into a significant market for Chinese construction and energy infrastructure equipment. Energy, transportation, steel, and chemicals are among China's significant contractual projects in Iran. A manufacturing facility for nuclear power plant components is one proposed energy project.

### **Conclusion**

It was a significant opportunity for China in the emergence of the independent republics in the post-Soviet Central Asia as an essential raw material source for China's developing economy and emerging as a new market.

Many Western analysts are concerned that the SCO will be exploited to the harm of Western nations. Western analysts have suspected from its formation that it will be utilized as a counterparty to the E.U. or the North Atlantic Treaty Organization. China and Russia have also rejected this notion, claiming that the group is not designed to monitor Western institutions. Former Observer states like India, Pakistan have also shown interest in joining then they become member, which is a source of worry for Western observers. If this is the case, the SCO has the potential to become a compelling international organization, rivaling the E.U. and NATO while potentially being as crucial as the G-20 and the BRICS. However, it is too early to predict the implications for the time being; however, according to current forecasts, the SCO has been quite effective in promoting up markets and ensuring regional stability and in the context of China-Iran relationship it has a significant impact to this bilateral relationship especially since Iran has become an observer of the organization.

China and Iran signed a 25-year agreement on cooperation for various areas. Reportedly China will invest 400 billion dollars in Iran during such an extended period. The U.S significantly criticized the agreement. On the other hand, inside Iran, some Iranians are against that deal, which means allowing

Beijing to be a decision-maker over most of the sectors in Iran, according to them. Beijing and Tehran both became subject to U.S. sanctions and signed mentioned cooperation agreements to strengthen their long-standing alliance, mainly economic and political. As mentioned, China has pledged to invest 400 billion dollars in Iran over more than two decades in a deal that could see China's economic influence (Tiezzi, 2021). The BRI aims to expand China's economic influence significantly, and it causes some concern in the U.S. due to growing China's economic influence. China has become a significant factor for the Iranian economy and ties between Beijing and Tehran policy have warmed in recent years as both sides have grappled with significant diplomatic and economic confrontations with the Western side.

China's demand for energy, such as oil and gas, and sell manufactured goods have been critically important for Iran. In terms of Iran's domestic political economy Iranian regime has needed to maintain its ability to sell oil and to continue to have solid relations with China. Beijing has also increasingly provided high-tech tools of political repression to Tehran, such as internet and surveillance capabilities. When it comes to Iranian public opinion with the increased relationship with China are mixed responses, such as some of them grumbling with China's increasing involvement in the country while some of them welcome China's investment in Iran.

The dissolution of the Soviet Union resulted in the transformation of the world from bipolar to unipolar in 1991. A series of events at the global level in a few years since 1989 had significant repercussions worldwide and deeply affected China's international position. The Sino-West rapprochement, which started in the early 1970s on the axis of anti-Sovietism, came to an end. The collapse of the Soviet Union in 1991 led both China and Iran to share and voice the view that the international system was unstable and that the new order should be multipolar rather than unipolar. Therefore, according to China and Iran, this new structure that emerged in the international system was expected to threaten regional and global peace and China-Iran relations.

An article published in New York Times pointed out that China and Iran have a deal on expanding Chinese presence in banking telecommunications ports, railways, and dozens of other projects in exchange, Beijing would receive a significantly discounted supply for Iranian oil over the next twenty-five years. The article also adds that the deal calls for joint training and exercises, weapons developments, and intelligence sharing (Fassihi and Myers, 2020). However, Xi Jinping stressed areas where both sides could deepen cooperation and partnership rather than military partnership, as the article claims. Furthermore, many Iranian welcome the Chinese partnership due to U.S. sanctions limited business opportunities.

One could argue that it is a strategic agreement that Beijing and Tehran have signed a long-term deal worth billions of dollars. The deal between the two countries is expected to boost their long-standing economic and political alliance. The agreement coincided with the fifth anniversary of establishing a diplomatic relationship between the two countries. The cooperation covers an extended range of Chinese investments in Iran's most significant sectors, such as energy and infrastructure.

From an Iranian perspective, Iran has been under pressure ever since Donald Trump came to power, and Joe Biden administration has followed so-called maximum pressure campaign. Iran's economy has been under significant pressure, and the agreement signed with Beijing is supposed to give Iran a space that moves against U.S. pressure. If the West puts more pressure on Iran, it is possible that Iran's acting will be closer to the Eastern camp, especially with China and Russia. Furthermore, from a Chinese Perspective, Beijing aims to increase economic prosperity between Central Asia and China, and Iran is a significant factor in the region. Another aim is to form the basis of political stability, a fundamental principle of China's Central Asian economic policy. Since 1991, the formation of new relations between China and Iran, the formation of economic relations, and increased mutual trade emerged as a result of such Chinese basic principles.

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