

## Countering China : India Iran relations

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### Abstract

*The strategic accord between China and Iran that was struck on March 27, 2021 has sparked an interesting discussion in the political discourse of the surrounding area. According to the opinions of many professionals in the field of area studies, it is a game changer that has the ability to radically alter the political landscape of the region. Sanctions imposed by the United States against Iran pushed Tehran to negotiate a historic pact with China in order to lessen the influence of the United States in the area. To all appearances, international and regional politics have been split into two camps, one led by the United States and the other by China. Iran, which is influenced by China, is making the most of this chance by not only benefiting from the Chinese investment of US\$400 billion to revive its shaky economy but also by taking advantage of the window of opportunity presented by its relative lack of involvement in international affairs in the midst of its isolation. India, on the other hand, does not want a rising Chinese presence in Iran or in the area, despite the fact that it has a strategic alliance with the United States. This is due to the fact that such a development would be detrimental to India's strategic interests, including its ability to use Chabahar Port, its connection with Central Asia, and its ability to purchase oil from Iran. The China–Iran pact is also a favorable portent for Pakistan, as both Iran and Pakistan have an obvious and vocal preference for China as a trading partner. To ensure that the China–Pakistan Economic Corridor (CPEC) is a resounding success, China is prepared to do all possible, including establishing a connection with Iran in the not too distant future. In light of these considerations, the purpose of this article is to analyze the effects that the aforementioned contract will have in India and to throw light on the geopolitical and geoeconomic shifts that will emerge as a direct result of the pact.*

**keywords:** *Countering, China, India Iran*

### Introduction

The 25-year economic cooperation accord between China and Iran that was signed on March 27, 2021 is bringing about significant changes in both the region's geoeconomic and geopolitical landscapes. Because of the sanctions placed by the United States on Iran, the country waited in utter desperation for a miracle of this kind to occur. In addition, China was excited about the prospect of taking a larger share of the Iranian oil market for its own output. A major agreement was ultimately made possible as a result of the growing compatibility of interests between Beijing and Tehran. On this momentous occasion, Chinese Foreign Minister Wang Yi reaffirmed that the relationship between China and Iran had reached the level of strategic cooperation and that Beijing intended to enhance the ties with Iran (Reuters, 2021). "Our relations with Iran will not be affected by the current situation, but will continue to be permanent and strategic," Wang added (Reuters, 2021). Iran will become a participant in the Belt and Road Initiative (BRI) as a result of the arrangement. As a result, the pact incorporates Iran within China's Belt and Road Initiative (BRI), which spans from East Asia to Europe (Reuters, 2021). Both the United States and India will experience increased levels

of unease as a result of the project since it would increase Beijing's economic and political clout in the area. It would appear that Iran is quite pleased with the investment from China; the Iranian Foreign Minister Mohammad Javad Zarif referred to China as "a friend for hard times" (Reuters, 2021). China will invest in Iranian telecommunications, healthcare, banking, ports, railroads, and information technology as part of the accord and will have 100 separate projects under the framework of the agreement. The agreement also strengthens the military cooperation between the two governments, as well as the exchange of intelligence and the conduct of training exercises (WION, 2021). As was said previously, the pact places India in a difficult position; China's win-win collaboration with Iran would alleviate the latter's economic troubles and isolation from the global community. In terms of the business transaction, it seems that New Delhi is in a less favourable position than other parties. The seizure of Kabul by the Taliban on August 15, 2021 has further increased the anxieties of the Indian government, which appears to be geographically isolated in this region of the world. The repercussions that the agreement might have on India are the topic of discussion in the following sections.

### **What is the Strategic Partnership between China and Iran**

On March 27, 2021, China and Iran signed an agreement to cooperate strategically over the next 25 years. The partnership has been given the name of the Comprehensive Strategic Partnership, and it covers a wide range of topics, including oil and mining operations, the development of industrial activities in Iran, as well as agricultural partnerships and transportation. It is anticipated that the agreement would clear the path for the expansion of cultural and touristic relations between the two states. The nation of Iran has, for the very first time in its long and illustrious history, signed a comprehensive agreement with any growing state. During a meeting with the former president of Iran, the Foreign Minister of the People's Republic of China, Wang Yi, stated that "China's willingness to develop China–Iran relations will not change" (Tiezzi, 2021). This statement was made while Wang Yi was sharing his views with the previous president of Iran. The benevolent power of China is aware of the serious repercussions that the US sanctions against Iran would have, and it has the intention of strengthening Iran's economy. Therefore, Wang considered the sanctions put on Iran to be "unreasonable unilateral sanctions imposed on Iran," and he stated that these sanctions are "the evil consequences of external interference on the regional situation" (Tiezzi, 2021). Throughout the last 2,000 years of China and Iran's history, both nations have enjoyed bilateral connections and played a significant part in the growth of friendly cooperation in the expansion of international commerce via the Silk Road. These ties date back to when the Silk Road was first established. Both nations, who are now participating in a multipolar world, are looking forward to furthering the process of multilateralization and working together to promote peace and stability in the area as well as in the globe as a whole. Independence, territorial integrity, and national sovereignty are all essential objectives for both sides, which they mutually support and defend for one another. Most significantly, Tehran remains committed to the One-China policy, while Beijing continues to show its support for Iran's "Development Plan" and its expanding position both in the neighborhood and on the world stage (President of the Islamic Republic of Iran, 2021). China recognizes Iran as a trustworthy partner and expressed its satisfaction with the Joint Comprehensive Plan of Action (JCPOA) deal that was reached between Iran and the P5+1 nations. Beijing is under the impression that the deal would result in Iran's adherence to the Non-Proliferation Treaty (NPT), which will ensure that Iran's nuclear programs remain peaceful. Therefore, both camps insist that the Joint Comprehensive Plan of Action (JCPOA) and Resolution No. 2231 of the United Nations Security Council should be implemented in both its written and unwritten forms. According to the President of the Islamic Republic of Iran (2021), the establishment of

a Strategic Partnership between China and Iran would likely serve to further strengthen the relations that exist between the two nations.

### **Chinese Investment in Iranian Energy Sector**

China continued to be the major importer of Iranian oil even after the United States imposed sanctions on Iran. In 2021, the country's oil imports from Iran hit a record high volume. Over the course of the past 14 months, Tehran has sent 17.8 million tons of crude oil to China, which is equivalent to almost 306,000 barrels per day (bpd) (Albert, 2021). Since 2017, China has been the largest importer of oil in the world, and it is expected to surpass the United States in 2020 (Albert, 2021). The amount of oil that China imported in 2009 was just about 4 million barrels per day (bpd), but that number is projected to increase to 10.85 million bpd in 2020 (Albert, 2021). As a result, Beijing has been making efforts to inject funds into the Iranian energy sector, and it is anticipated that a total of US \$280 billion of the envisioned US \$400 billion investment would be directed to the Iranian oil and gas as well as petrochemicals industries. The remaining one hundred twenty billion United States dollars will be put toward improving Iran's industry and transportation infrastructure (GCR Staff, 2019). In order for China to achieve its goal of having a steady supply of oil and gas, it is considering stationing 5,000 Chinese security officers in Iran for the purpose of protecting its energy and petrochemical assets. China's goal is to have a supply that is not interrupted. Concerning the export of Iranian petroleum, 5,000 Chinese guards will be recruited so that there will be "additional personnel and material available to protect the eventual transit of oil, gas, and petrochemical from Iran to China, including through the Gulf" (GCR Staff, 2019). This is to ensure that "additional personnel and material available to protect the eventual transit of oil, gas, and petrochemical from Iran to China, including through the Gulf" (GCR Staff, 2019). India will be profoundly impacted by the large investment that China is making in Iran's oil and energy industry, and it is likely that India will no longer be able to import oil from Iran as a result of the investment. The investment is valued at 280 billion US dollars. According to Bloomberg News (2020), India continued to be Iran's third-largest oil import customer in 2019. According to the GCR Staff (2019), China will be allowed to purchase Iranian oil at a discount of at least 12%, and Beijing will have the ability to denominate payment in "soft" currencies, such as those used in Central and African states. It also enables China to recycle its foreign exchange reserves from its trade surpluses, therefore avoiding the usage of the US dollar and the International Payments System that is dominated by the US. This transaction presents Beijing with a significant new chance to establish a manufacturing node along the Belt and Road Initiative (BRI). By going through this procedure, Chinese businesses will have the opportunity to take use of the low-cost labor available in Iran in order to construct factories that will make use of the BRI transport infrastructure in order to ship goods to Europe (GCR Staff, 2019). In the meantime, both nations are witnessing a rising convergence in their respective national interests as a result of the developing geopolitical situation. The United States of America has imposed economic sanctions on both countries. Most significantly, their diplomatic ties have reached the half-century mark, which is a significant milestone. Both nations have been pulled even closer together as a result of the pandemic; in February 2021, Beijing made a donation of roughly 250,000 doses of their Sinopharm vaccine to Tehran (The Media Line Staff, 2021).

### **India's relations with the West and Iran**

In recent years, India has relied heavily on West Asia as a source of remittances as well as petroleum imports. After the oil boom of the 1970s, a significant increase in the number of Indians working in the Gulf region

was seen. In 2004, India established a Ministry of Overseas Indian Affairs in response to the continuously expanding population of Indian expatriates living in the area.

Increased interaction with the area, notably with the Gulf nations, Iran, and Israel, was one of the goals of Indian Prime Minister Narendra Modi's "Look West" program. During his trip to Israel in 2017, Prime Minister Modi signed a number of agreements concerning various areas of cooperation, including international development, agriculture, and space. The distinction between this time and the time of the Cold War when India stood with the people of Palestine is that during Modi's visit to Israel, Palestine's diminishing priority in Indian foreign policy was highlighted.

It is essential for India to strengthen its ties with Iran in order to constrain China while simultaneously maintaining a reliable supply of low-cost energy supplies and regional security in Central and West Asia. It is important to note that India is in a position unlike any other to strengthen its ties with Iran and exert influence in West Asia. In spite of the fact that Iran signed a deal with China that would last for 25 years, India's relations with Iran and the West will be essential to the containment of China. India has the potential to improve its ties with Iran by use its relationships with Western nations as a kind of leverage. The United States would benefit from India's expanding relationship with Iran because it would result in India taking a more active role in the area and preventing China from gaining more influence. India may push for a neutral JCPOA and the easing of sanctions off Iran's economy, which is key to Iran's economic relief, thanks to India's non-permanent membership on the United Nations Security Council. This opportunity is combined with India's membership in the JCPOA. Along the same lines as Japan, India has the potential to play an important part in facilitating conversation between Iran and western nations. It is imperative for Iran's economic and diplomatic structures that normalcy be restored as soon as possible.

### **Iran-China's 25-year agreement and the opportunity for India**

When sanctions on Iran were finally lifted in 2016, the two nations went ahead and inked a cooperation pact that had been previously publicized. According to several reports, China may spend as much as \$400 billion in Iran, which will assist Iran in diversifying its energy sector by investing in renewable energy as well as renovating its outdated infrastructure and railway lines in urban areas. However, the agreement between the two countries only serves as a road plan for the next 25 years. The agreement does not include any contracts or other agreements that are legally enforceable in any way. The agreement will provide a basic course of action for the two countries to follow over the course of the following 25 years.

A one-of-a-kind opportunity has been created for India as a result of the deal. Because the deal is only valid for 25 years and does not constitute a long-term commitment, India has the opportunity to demonstrate its own dedication to Iran and the region. India has the opportunity to demonstrate to Iran how seriously it intends to work toward improving its ties by stepping up the building of the Chabahar Port and allocating additional money to the project. The port of Chabahar is important to Iran in both an economic and geopolitical sense. Because Iran is now able to reach the landlocked countries of Central Asia, the Chabahar port will become an important outlet for these governments, and as a result, Iran will become an important transit center. The port of Chabahar will move the center of attention from the Persian Gulf to the Gulf of Oman, which will be beneficial both strategically and commercially. The Persian Gulf and the Strait of Hormuz are at the epicenter of a number of ongoing hostilities, tensions, and assaults on ships. The Islamic Revolutionary Guard Corps and the military of the United States have frequently come into conflict with one another in the region. Israeli

officials have accused Iran of being responsible for the assaults that were carried out against Israeli ships. Additionally, in June, a warship that belonged to Iran was sunk when it caught fire. Moving to the Gulf of Oman will allow Iran to limit movement through the Persian Gulf and minimize the distance of maritime routes. This is because shifting to the Gulf of Oman would circumvent the Strait of Hormuz.

Another project that India might use to lure Iran is called the Supply Chain Resilience project (SCRI), and it was created in partnership with Australia and Japan. Iran will find the SCRI to be an enticing proposition since it will provide Iran with the opportunity to try to reduce its excessive dependence on China and diversify its trade and economic contacts with a number of other nations. In addition, the SCRI has the potential to provide Iran with alternatives to break out of its diplomatic and international isolation.

Despite the unilateral restrictions that have been placed by the Trump administration, Iran and Japan have continued to enjoy amicable relations with one another. Toshimitsu Motegi, the Foreign Minister of Japan, paid a visit to his Iranian counterpart, Mohammad Javad Zarif, in order to discuss boosting bilateral ties, resurrecting the JCPOA, and guaranteeing stability in Taliban-controlled Afghanistan. Motegi also met with Ebrahim Raisi during his trip. Due to the fact that West Asia supplies Japan with roughly 90 percent of its crude oil imports, West Asia is an extremely important area for Japan. In addition, Japan is seeking to play the role of a mediator between Iran and the United States, with the goals of fostering discussion between the two nations and guaranteeing the resumption of work on the JCPOA.

Since 1968, Australia has maintained its diplomatic links with Iran, which have resulted in the continuation of their cordial and cooperative bilateral relations. In accordance with the directives of the United Nations Security Council, Australia imposed sanctions on Iran during the years of 2006 and 2010. In addition, Australia placed further restrictions on Iran on its own, which have not been amended despite the United States' departure from the Joint Comprehensive Plan of Action (JCPOA). Despite the sanctions, Australia and Iran continue to cooperate on a wide variety of concerns, including human rights violations, terrorism, maintaining regional peace, and the trafficking of people. Additionally, during the year 2019-20, the value of commerce between the two nations reached \$319 million.

Protecting Chabahar port would be vital for maintaining Indo-Iranian ties and India's strategic position in the area. Incorporating Iran into the SCRI will be good for India as well, since the SCRI seeks to increase maritime security and ensure freedom of the seas. Considering that one of the primary goals of SCRI is to diversify supply chains and reduce excessive reliance on China, including Iran in these efforts will assist to compete with China's political and economic sway in the area. In addition, Japan and Australia have strong links to one another, therefore it is conceivable that all three nations will come to an agreement over Iran's membership in SCRI. Nevertheless, there have not been any conversations about broadening the scope of SCRI thus far.

## **Conclusion**

A deal reached between China and Iran has the potential to alter the geopolitical and geoeconomic landscape of the region. Iran will continue to hold the position as the BRI project's first nation, receiving the whole US\$400 billion investment from Beijing. Throughout history, the region known as the Middle East has remained an important territory for every global power. Every major power in the world had made at least one attempt to gain control of the region at some point because of the natural resources and geostrategic location it had. In this respect, China is not unusual, and it is fully aware of the fact that it must be a benign power by launching economic growth and diplomacy in an effort to earn the confidence of the countries in

the area. A vacuum has been created for Beijing to strengthen its position as a result of the United States' relative collapse in the Middle East, which has resulted in a greater prominence being given to the Asia-Pacific area. Iran, on the other hand, will never forget the gesture of support that India showed for the United States in September 2005 at the session of the International Atomic Energy Agency. Iran was put in a position to be subject to sanctions as a direct result of New Delhi's vote against Tehran on the implementation of the Non-Proliferation Treaty, which paved the way for those penalties. Despite the fact that Iran at that specific time did not have any other alternatives than to retain its connections with India, the relations between New Delhi and Tehran have been progressively tense since then. As a result of China's rise to power, the existing geopolitical dynamics have been fundamentally altered. Now more than ever, Tehran is making the most of the opportunity presented by Beijing in order to obtain the largest possible benefits. In the meantime, the Chinese Foreign Minister Wang Yi has suggested a five-point plan, which is ascribed to the achievement of security and stability in the Middle East. Yi emphasized that there would be no way for the globe to experience genuine peace and tranquillity as long as the Middle East continued to be plagued by instability and disaster. He went on to repeat that China was willing to settle any unresolved concerns in the Middle East, including finding a political solution to the conflict between Israelis and Palestinians.

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