



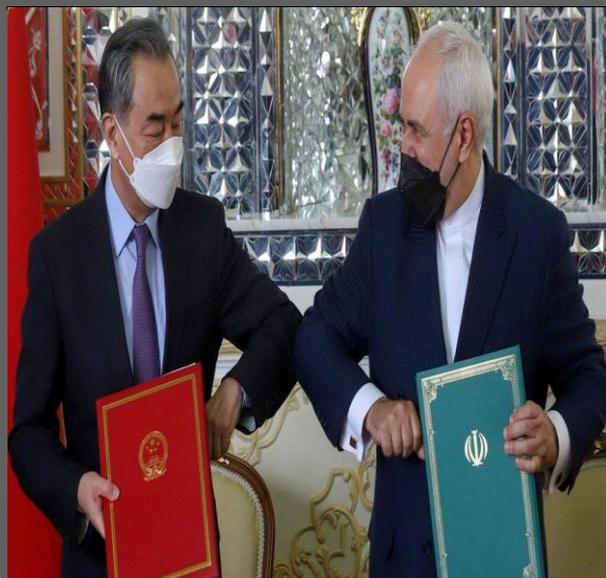
### CHINA – IRAN COMPREHENSIVE STRATEGIC PARTNERSHIP: PROSPECTS FOR PAKISTAN

By  
**Arhama Siddiq**  
Research Fellow  
Centre for Middle East & Africa (CMEA), ISSI

Edited by  
**Amina Khan**

April 15, 2021

*(Views expressed in the brief are those of the author, and do not represent those of ISSI)*



In July 2020, *New York Times*<sup>1</sup> ran a front-page story on a 25 year- strategic partnership between China and Iran. In a world gripped by the pandemic, this news caused much array. However, in the backdrop of noticeable silence from the Chinese quarters, the fracas gradually died down.

Just when discussion of the so-called deal had all but vanished, almost a year later, on March 27, 2021, Iranian Foreign Minister Mohammad Javad Zarif and his Chinese counterpart Wang Yi took part in a ceremony in Tehran, where they put ink to paper, officiating what is being called the 'Comprehensive Strategic Partnership.'<sup>2</sup>Talks regarding this agreement had started during Chinese President Xi Jinping's visit to Iran in 2016. The arrangement which coincides with fifty years of the establishment of diplomatic ties between China and Iran is said to be designed as a roadmap for trade, economic, transportation and defense cooperation.

#### What does the deal entail?

While the contents of the document have yet to be revealed , it is believed that the clauses are similar to the previously disclosed draft.<sup>3</sup> According to the 18-page long document, the \$400 billion deal encompasses a wide array of avenues including cooperation in banking, agricultural, industrial

<sup>1</sup> "Defying U.S., China and Iran Near Trade and Military Partnership," *New York Times*, July 11, 2020. <https://www.nytimes.com/2020/07/11/world/asia/china-iran-trade-military-deal.html>

<sup>2</sup> "Full text of Joint Statement on Comprehensive Strategic Partnership between I.R. Iran, P.R. China," Ministry of Foreign Affairs Iran, January 2016. <http://www.president.ir/EN/91435>

<sup>3</sup> Ibid.

activity, telecommunications and infrastructure. Proposed projects also include free trade zones in northwestern Iran and in Abadan which marks the entry point of the river Shatt al-Arab into the Persian Gulf and on the gulf island of Qeshm.<sup>4</sup> In an effort to secure its cyberspace from recurrent Israeli and American intrusions, Iran has also agreed to China's proposition to establish a 5G telecommunication network infrastructure in the country.<sup>5</sup>



(Source: Iran Partner)<sup>6</sup>

Probably the most crucial aspect in the deal appears to be the vast proposed defense cooperation framework, which includes cooperation through joint trainings, research, intelligence sharing and weapon development. Furthermore, the draft mentions partnerships in tourism and promotion of cultural exchanges. In return, China will benefit from a secure and constant supply of Iranian oil at a discounted rate for the next quarter century.

There is no doubt, that the deal has provided much-needed salvation for the Iranian economy, which is still struggling to recover from both the US imposed sanctions as well as the economic crunch brought on by the coronavirus pandemic. At the same time, this latest extension to China's multi-

<sup>4</sup> "The Iran-China Deal: A New Strategic Partnership in the Making?" *Institute of Strategic Studies Islamabad*, July 22, 2020. [http://issi.org.pk/wp-content/uploads/2020/07/IB\\_Fatima\\_Jul\\_22\\_2020.pdf](http://issi.org.pk/wp-content/uploads/2020/07/IB_Fatima_Jul_22_2020.pdf)

<sup>5</sup> "China's Giant \$400 Billion Iran Investment Complicates U.S. Options", *Forbes*, September 19, 2019. <https://www.forbes.com/sites/arielcohen/2019/09/19/chinas-giant-400-billion-iran-investment-subs-trump/?sh=1bb56a1384d1>

<sup>6</sup> "An Introduction to the Free Trade Zones in Iran," *Iran Partner*. <https://www.iranpartner.com/introduction-free-trade-zones-iran/>

billion dollar the Belt and Road initiative (BRI) has also provided Beijing with a strong foothold in the Middle East.

### Prospects for Pakistan

Firstly, the Iran-China deal has the potential to boost trade between Pakistan and Iran which it has been reported to have the potential amounting to \$5 billion.<sup>7</sup> It is worth noting that if there is no reduction in US sanctions on Iran in the future, Pak-Iran business can take place in the form of barter-trade in which both countries can build on their respective comparative advantages in agriculture and energy.

Additionally, Pakistan can benefit from the suggested intelligence sharing, which is an important component of the China-Iran deal.

Secondly, Iran's formal incorporation into the BRI will help in easing Pakistan's energy crisis. It has been reported that Iran has the capacity to export 3000 MW of electricity to Pakistan at low rates.<sup>8</sup> Congruently, the completion of the Iran-Pakistan (IP) pipeline can be expedited. In 2016, China Petroleum Pipeline Bureau (CPPB) expressed its desire to work on the unexpended part of the IP from Gwadar to the Iranian border.<sup>9</sup> It should be noted that Iran completed its part of the project in 2011 and the delays are primarily from the Pakistani side due to lack of funds.<sup>10</sup> Moreover, through the partnership between China and Iran, there are ongoing talks of a Liquefied Natural Gas (LNG) pipeline to China along the CPEC. Realization of this will have a host of benefits for Pakistan as well.<sup>11</sup>

Thirdly, for Pakistan, which is a neighbour to both China and Iran, the pact can create prospects for increased border cooperation as well as management between Pakistan and Iran, in terms of securing their borders from transnational terrorism, drugs, illegal trafficking. Previously, Iran has accused certain elements within Pakistan for providing refuge to Iranian militant groups such as Jaish Ul-Adl, while Pakistan points to Baloch separatists who carry out similar attacks from bases in

---

<sup>7</sup> "Pakistan, Iran aim to boost trade to \$5 billion," *Reuters*, March 26, 2016.  
<https://www.reuters.com/article/us-pakistan-iran-idUSKCN0WS0F5>

<sup>8</sup> "Iran can export 3,000MW electricity to Pakistan," *Express Tribune*, January 1, 2016.  
<https://tribune.com.pk/story/1020529/senate-question-hour-iran-can-export-3000mw-electricity-to-pakistan>

<sup>9</sup> "China willing to finance Pakistan's portion of IP pipeline," *Express Tribune*, November 3, 2016.  
<https://tribune.com.pk/story/1219157/china-willing->

<sup>10</sup> "Iran gas pipeline deal with Pakistan hampered by US sanctions," *Deutsche Welle* May 20, 2019.  
<https://www.dw.com/en/iran-gas-pipeline-deal-with-pakistan-hampered-by-us-sanctions/a-48802450>

<sup>11</sup> "Iran's interest in CPEC strengthens regional integration," *CGTN*, September 16, 2019.  
<https://news.cgtn.com/news/2019-09-16/Iran-s-interest-in-CPEC-strengthens-regional-integration-K2ybECc94A/index.html>

Iran's Sistan-Balochistan province.<sup>12</sup> Even though the two sides have been cooperating in countering extremist threats through measures such as the formation of the of the Rapid Reaction Force in April 2019<sup>13</sup> and agreements for better border monitoring such as that signed in January 2020 during the 23rd Pak-Iran Joint Border Commission meeting,<sup>14</sup> there is still a lot to be done in terms of human trafficking and smuggling. Concurrently, increased security between Iran and Pakistan will augur well with China, particularly with reference to the China-Pakistan Economic Corridor (CPEC), - the flagship project of the BRI whose fundamental economic interests require a peaceful Pak-Iran border.

One important question is whether a China-Iran deal will diminish the importance of Gwadar port within the BRI framework. Studies have shown that in terms of location and utility, Gwadar has the advantage over Iran's Chabahar port. Since both Pakistan and Iran already have a Memorandum of Understanding (MoU) of Sister Ports in place<sup>15</sup>, chances of increased confluence are now more likely. This is made more plausible in light of the fact that the China-Iran deal envisages increased inclusion of all neighbourly countries both on a bilateral and regional level.

## Conclusion

Even though it is not immediately clear on how much of the China- Iran agreement can be implemented until the resolution of the US-Iran dispute, there is no doubt that the China-Iran deal is an affiliation having great significances. In the same degree, a resilient trilateral permanence between China, Pakistan and Iran will bode well for the success of the entire region.

---

<sup>12</sup> "Shadowy Group Again Threatens Iran-Pakistan Relations," Gandhara, February 18, 2019. <https://gandhara.rferl.org/a/shadowy-group-again-threatens-iran-pakistan-relations/29777217.html>

<sup>13</sup> "Iran and Pakistan to form joint rapid reaction force at border – Rouhani, *Reuters*, April 22, 2019. <https://www.reuters.com/article/pakistan-iran-border-force-idUSL5N2240WA>

<sup>14</sup> "Iran, Pakistan sign border agreement," Islamic Republic News Agency, January 3, 2020. <https://en.irna.ir/news/83618676/Iran-Pakistan-sign-border-agreement>

<sup>15</sup> "Inauguration of Chabahar Port," *Express Tribune*, December 6, 2017. <https://tribune.com.pk/story/1576787/6-inauguration-chabahar-port>