



IRAN-CHINA RELATIONS WITHIN THE FRAMEWORK OF A POSSIBLE NEW 25-YEAR AGREEMENT

Iran's Foreign Minister Mohammad Javad Zarif announced in July 2020 that they were negotiating on a deal with China that represented as 25-year strategic agreement. Although the details of this agreement is not disclosed to public but according to news circulating in media this deal includes mainly economic and energy cooperation between countries. The credibility of this news is open to discussion, but it managed to attract the interest of many experts and as a result various comments were made on the subject. From a geopolitical perspective, the possibility of this agreement is viewed pragmatically in terms of the political and economic interests of these countries. Therefore, it is worth assessing that what China and Iran is expecting from the agreement and how this might affect Central Asia and especially the Belt and Road Initiative (BRI), which plays an important investment role for the region.

The past two years have been a difficult period for the Iranian economy. The sanctions pressure from the United States that resumed after Washington's unilateral withdrawal from the Joint Comprehensive Plan of Action, the fall of oil prices, and the consequences of the crisis caused by the COVID-19 pandemic negatively affected the Iran's economy. These three factors have led to a significant decrease in the annual export of Iranian oil and oil products from about \$47 billion to \$28 billion. On this point budget balance in relation to gross domestic product has risen from -% 1.9 in 2018 to -% 5.59 in 2019 and its expected to reach -% 9.81 by the end of 2020. To deal with the economic crisis, the Iranian government, for the first time since the Islamic revolution, asked for financial assistance from the International Monetary Fund in the amount of \$5 billion.

Therefore, it is important for the Iranian leadership to diversify its search for new investments that could improve the current economic condition of the country.

At this point, China, with its economic power and political stance in the international arena could be one of the countries with which Iran can cooperate. A possible deal between two countries as mentioned above would involve around \$400 billion over 25 years where China supposedly plans to invest in modernizing Iranian railways, ports, 5G networks, and telecommunications in Iran. With this agreement, 280 billion dollars are expected to be used for the development of Iran's oil and gas sectors, while the remaining 120 billion dollars are aimed to be used to improve the investment, transportation and manufacturing sectors.

At this point, it is possible to say that the cooperation between China and Iran in the field of transportation was developed long before this agreement. For instance in 2019 Iran had signed a contract with Chinese companies to electrify the main 900-kilometer railway from Tehran to Mashad a city in the north eastern part of Iran. Moreover, this line is expected to reach Tabriz a city that has an important strategic location for several important oil and gas sites. Tabriz is also the starting point of Tabriz-Ankara gas pipeline that planned to be a 2.300 kilometer long in the New Silk Road project that aims to start from Urumqi in China passing through Kazakhstan, Kyrgyzstan, Uzbekistan and Turkmenistan reaching to Tehran and from there via Turkey to Europe. Another point to note is related to China's intentions, where Beijing has plans to get access Jask, an important Iranian port outside the Strait of Hormuz. If this would happen then China would have an access to an strategically positioned port in the heart of one of the main oil transport route in the world.

Third important area of cooperation could be in the trade sector where it potentially would be dominated by energy trade. Under this cooperation, China would reduce its dependence on Gulf states that have close ties with U.S. where Iran would

open itself to large energy market which might not be effected by U.S. pressure and sanctions due to strained relations between China and U.S. Thus, we can even say that Iran's disappointment on European and some Asian countries like India being not able to resist the pressure from U.S. and returned to their pre-embargo relations with Iran pushed the country more towards countries like China that has a significant economic power and could resist the political pressure from U.S.

Looking at the consequences of this rapprochement between China and Iran, we could witness a retaliation from U.S. towards China both politically and economically like we have seen in the trade wars period which would worsen the strained relations between China and U.S. As for China, investments in Iran would boost the presence of China not only in Iran but in the Middle East region. Moreover, as a common practice, Chinese firms would operate according to their own rules meaning bringing their local workforce which would provide new opportunities and jobs for possibly thousands of Chinese labor migrants and new projects for Chinese firms to expand their business profile. In addition to that, after the economic steps we can possibly observe some military cooperation between China and Iran from selling military equipment to joint military exercises in the region.

In conclusion, rapprochement between China and Iran would bring some changes into the relations of these countries with their other partners around the world. Although it is just an not signed agreement to our knowledge when this analysis has been written but it already managed to attract the attention of the both political and academic arena with its potential results for China and Iran, global energy and trade trends.

Politics, Foreign Affairs, and Security

- President of Kazakhstan Kassym-Jomart Tokayev received the Minister of Defense of the Russian Federation, Sergei Shoigu. During the meeting, the sides discussed issues of strengthening military and military-technical cooperation between Kazakhstan and Russia. President of Kazakhstan welcomed the signing of the Agreement on military cooperation between the two countries. Tokayev noted that the military sphere takes a very important place in strategic partnership and allied relations between the states. The president awarded Sergei Shoigu with the Dostyk medal for his contribution to the development of military and military-technical cooperation with Kazakhstan (Akorda, 16.10.2020).
- The incumbent President of Tajikistan Emomali Rahmon won the presidential elections. According to the Central Electoral Committee (CEC) of Tajikistan, 68-years-old Emomali Rahmon got 90.9% of the votes at a 85.39% turnout. The CEC recognized them as valid and granted him the right to stay in the office for the fifth presidential term (Kommersant.ru, 12.10.2020).
- Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan and Russia reaffirmed their commitment to strengthen interstate relations and ensure sustainable growth in the region during the Central Asia + Russia virtual ministerial meeting. During the meeting, the parties exchanged views on expanding long-term multifaceted interaction, deepening interstate ties in order to strengthen security and ensure sustainable growth in Central Asia. The ministers expressed their readiness to focus the efforts of the foreign affairs agencies on strategically important areas of interaction (MFA.kz, 15.10.2020).
- Abdullah Abdullah, the head of Afghanistan's High Council for National Reconciliation, arrived in Tehran to meet with high ranking officials in Iran. Abdullah met with Iranian President Hassan Rouhani, Parliament Speaker Mohammad Baqer Qalibaf and Foreign Minister Mohammad Javad Zarif. During the meetings top topic on the agenda is expected to be the situation of peace talks with Taliban and other bilateral topics related to the cooperation between Afghanistan and Iran (Financialtribune.com, 17.10.2020).
- Foreign Minister of Kazakhstan, Mukhtar Tleuberdi, acted as the main co-rapporteur at the Conference dedicated to the World Day against the Death Penalty and the 10th anniversary of the creation of the International Commission against the Death Penalty. In his speech, the Minister expressed support for the Commission's initiative aimed at promoting the transformation of Central Asia and Mongolia into the first region in the world free from the death penalty (MFA.kz, 13.10.2020).
- The Strategic Police Matters Unit of the OSCE's in co-operation with local field operations, organized a regional training workshop on intelligence-led policing senior representatives of Kazakh, Tajik, Turkmen and Uzbek law enforcement agencies. The workshop was focused on modern proactive model for policing and law enforcement management, which uses information and data for evidence-based decision-making and planning, leading to more effective and efficient police work (OSCE, 16.10.2020).

Economy, Finance, and Energy

- During the Kazakh-Ukrainian Investment Forum held in Kiev, Kazakhstan and Ukraine signed a memorandum of cooperation. The forum brought together business representatives and relevant departments of both countries. The agreements include cooperation in a wide range of sectors such as pharmaceuticals, agro-industrial and mechanical engineering and green energy. The event is expected to contribute to the bilateral trade, which has been affected by the pandemic. Currently, 935 businesses with the participation of Ukrainian capital are functioning in Kazakhstan (24.kz, 17.10.2020).
- Deputy Prime Minister and Minister for Strategic Industries of Ukraine, Oleh Uruskyi, held an official meeting with Ambassador Extraordinary and Plenipotentiary of the Islamic Republic of Afghanistan to Ukraine, Wali Monawar. The sides discussed the current state of bilateral relations and prospects for their future development, emphasizing the need to deepen bilateral cooperation in education, energy and military-technical field, and increase bilateral trade (Ukrinform.net, 12.10.2020).
- Kazakh company Vetal Kazakhstan LLP and Turkish Vetal Animal Health Products LTD signed a document on the construction of a plant for the production of veterinary drugs and vaccines in the Turkestan region of Kazakhstan. The document was signed during the working visit of the Minister of Agriculture of Kazakhstan, Saparkhan Omarov, to the production facilities of Vetal Animal Health Products LTD in Adyaman, Turkey. The implementation of the investment project is expected to begin in 2021 (Kazinform, 18.10.2020).
- President of Ukraine, Volodymyr Zelenskyy, paid a visit to Ankara upon the invitation of the Turkish President, Recep Tayyip Erdogan. The two presidents discussed issues of bilateral cooperation and regional issues. The leaders reiterated their commitment to launch a free trade agreement and reaching \$10 billion in bilateral trade. On the sidelines of the visit, the sides signed military framework agreement that greatly strengthens their defense partnership (Dailysabah.com, 16.10.2020).
- Prime Minister of Kazakhstan, Askar Mamin, visited the capital of the United Arab Emirates, Abu Dhabi, where he met with the Deputy Prime Minister, Minister for Presidential Affairs of the Arab country, Sheikh Mansour bin Zayed Al Nahyan. The sides discussed a wide range of issues of mutual interest and expressed readiness to intensify cooperation in the agro-industrial, trade, financial, transport, petrochemical, space and mining and metallurgical areas. In total 21 agreements on investment cooperation worth more than \$6 billion were signed between the two countries (Centralasia.news, 13.10.2020).
- Russia's economic forecasts for 2020 were improved by the International Monetary Fund (IMF) in its October 2020 World Economic Outlook. The outlook updates softened the expected decline of Russia's GDP from 6.6% to 4.1%. On the other hand, the IMF's economic projections regarding Russia's GDP for 2021 decreased to 2.8% from previously expected 4.1%. The Central Bank of Russia (CBR), however, expects the GDP to drop by 4.5%-5.5% in 2020, and to grow by 3.5%-4.5% in 2021 (Fastmailnews.com, 13.20.2020).

Society and Culture

- The opening of the Uzbekistan and Tajikistan Friendship Society has been held in the Rishtan district of the Fergana region of Uzbekistan. Acting Governor of Fergana region Kharullo Bozarov, Ambassador Extraordinary and Plenipotentiary of Tajikistan to Uzbekistan Sodiq Imomi participated in the opening ceremony. Imomi stated that this new center would strengthen the cultural and friendship ties between the people of the two countries (Uza.uz, 16.10.2020).
- A seminar titled "Cultural Heritage of the Great Steppe" devoted to the 175th anniversary of the great Kazakh poet, Abai and 1150th jubilee of genius scientist and philosopher, Al Farabi, was held at the Kazakh Embassy in Ethiopia. The event was attended by the members of the Ethiopian Ministry of Foreign Affairs, students of Addis-Ababa University and mass media. The participants were familiarized with the legacy of Abai and Al Farabi, as well as their influence on the modern culture of Kazakhstan (Kazinform, 13.10.2020).
- Since the beginning of 2020, Tajikistan has received humanitarian aid in the form of medicine and food from 58 countries. The total amount of humanitarian aid received during January-September of 2020 amounted to over 16.9 thousand tons and was worth \$38.2 million. China was the leading donor, contributing 42.2% of the humanitarian aid, followed by Uzbekistan - 10.8% and Turkey - 10.3% (Avesta.tj, 15.10.2020).
- The implementation of a food safety system in Central Asia was discussed during a regional online round table with the participation of representatives of Tajikistan, Uzbekistan, Kyrgyzstan and Kazakhstan. The participants focused on creating favorable conditions for the implementation of the internationally recognized system of standards for ensuring food safety of agricultural products "GlobalG.A.P." The round table was organized by the CANDY V consortium, led by the international Austrian organization Hilfswerk International (Asiaplustj.info, 15.10.2020).
- Uzbekistan became a member of the UN Human Rights Council (HRC) for the first time. It became one of the 15 new members of the UNHRC elected for a three-year term starting on January 1, 2021. Among five countries (China, Nepal, Pakistan, Saudi Arabia and Uzbekistan) that applied for the four vacancy seats on the council for the Asian region, Uzbekistan received the largest number of votes (169) (Avesta.tj, 14.10.2020).
- Minister of Digital Development, Innovation and Aerospace Industry of Kazakhstan, Bagdat Musin, met with the President of the Turkish Space Agency, Serdar Yildirim, to discuss bilateral cooperation in the space industry. The Turkish delegation visited the National Space Center in Nur-Sultan and space facilities in the city of Baikonur. Following the talks, the sides signed a memorandum of understanding between Kazkosmos and the Turkish Space Agency aimed at bilateral cooperation in the space sector (Avesta-news.kz, 15.10.2020).