

Iran-China relations under western sanctions: An overview

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| Article Info | Abstract |
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| <p>Short Paper</p> <p>Main Object: International Relations Scope: Iran and China</p> <p>Received: 09 March 2025 Revised: ----- Accepted: 09 March 2025 Published online: 10 March 2025</p> <p>Keywords: The Belt and Road Initiative (BRI), economic cooperation, Shanghai Cooperation Organization (SCO), 25-year Comprehensive Strategic Partnership (CSP).</p> | <p>This research examines the complex dynamics of the relationship between Iran and China, specifically within the context of sanctions imposed by Western nations. The primary focus of this analysis is on how these restrictions have affected their collaborative endeavors in the economic, political, and security domains. Iran's substantial economic collaboration with China has, to a considerable extent, mitigated the impact of the restrictive trade measures enacted by Western states. Furthermore, Iran and China have fostered collaboration through involvement in regional multilateral platforms such as the Shanghai Cooperation Organization (SCO), a development marked by a collective effort to counter the United States' unilateral policies and actions. The two countries have also laid the foundation for broader cooperation in the future and strengthened long-term ties in the military and security spheres in the form of various agreements and initiatives. In this regard, using the content analysis method, various aspects of Iran-China relations are being examined, along with understanding strategic developments and identifying future trends in the evolving geopolitical landscape.</p> |

Cite this article: Karimi Vala S, Han J. (2026). "Iran-China relations under western sanctions: An overview". *Countries Studies*. 3(4): 183-188. doi: <https://doi.org/10.22059/jcountst.2025.391804.1262>.



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Website: <https://jcountst.ut.ac.ir/> | Email: jcountst@ut.ac.ir |

EISSN: 2980-9193

Publisher: University of Tehran

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Extended Abstract

1. Introduction

Iran and China share a long and significant cultural heritage. Since, their relationship has consistently evolved in response to global geopolitical shifts, the intensification of Western sanctions has recently caused notable developments in their interactions. Driven by concerns about Iran's nuclear program, missile development, and alleged support for terrorism, the United States has enacted a sweeping sanctions regime against the country. The United States' sanctions include primary and secondary sanctions, the goal of which is to limit Iran's ability to trade with other countries. These sanctions specifically target Iran's energy, financial, and transportation industries and impose severe restrictions on the import of raw materials, industrial equipment, advanced technologies, and essential goods. The United States' secondary sanctions also threaten third-party companies and countries with being cut off from access to U.S. markets if they trade with Iran. This policy has caused many international countries and companies to refrain from cooperating with Iran. The long-term impact of U.S.-led sanctions on Iran's economic stability and its engagement with the global financial system is expected to be considerable. However, these sanctions have also incentivized closer cooperation between Iran and China. This partnership allows Iran to mitigate, to some extent, the adverse effects of Western sanctions that constrain its access to global markets (Hadian, 2023).

However, the economic cooperation represents just one aspect of a broader relations between Tehran and Beijing. Their political and diplomatic ties are also underpinned by shared perspectives on numerous international issues, including their opposition to unilateral US domination (Belal, 2010:50).

2. Methodology

Since this paper focuses on understanding Iran- China relations amid US sanctions, the method used is content analysis. This method enables us to understand and analyze these relations by examining the main concepts related to Iran-China relations, including economic cooperation, political connections, challenges posed by sanctions, and strategies to counterbalance international pressure. It also allows it to identify patterns and trends in relations between Iran and China.

3. Discussion

3.1. Economic and Trade relations

Iran-China economic relations have grown in importance in the context of Western sanctions, functioning as a critical tool for minimizing the obstacles posed by these restrictions and maintaining certain degrees of economic cooperation despite the continued sanctions. China, as Iran's largest supplier of industrial goods with a 35% share of industrial

imports, plays a vital role in Iran's economy despite the obstacles created by the Western sanctions. In 2023, China exported \$10B to Iran, which mainly includes industrial machinery, equipment and consumer goods. However, over the past five years (2018-2023), Chinese exports to Iran have decreased at an annual rate of 4.62 percent, from \$12.7B in 2018 to \$10B in 2023. This downward trend reflects the increasing pressure of sanctions and related challenges to financial, banking, and commercial transactions. By contrast, Iran's exports to China in 2023 were only 4.59 billion. Iranian exports to China plummeted from \$21.6B in 2018 to \$4.59B in 2023, representing an annualized decrease of 26.7%. Iran's major exports include crude oil, petrochemical products and minerals (OEC, 2023). Given Iran's domestic political economy and the historical energy relationship between the two countries, China continues to import oil from Iran despite US sanctions. This reflects the complexities of balancing economic interests with geopolitical considerations (Scita, 2022: 100).

While the China-Iran relations stay susceptible to external pressures both countries have adopted strategic measures to allow to maintain the flow of economic exchanges (Tahir et al., 2024). One of the primary initiatives is to encourage developing alternative payment channels and the utilization of national currencies in commercial transactions. This is intended to keep economic stability and minimize reliance on intermediate currencies while lowering the risks associated with plunging exchange rate. Furthermore, the Iranian economy has become dependent on the barter system with China: exporting crude and getting a portion of the revenues in Chinese goods and services. As sanctions have forced Iran to shift its economic and scientific focus to the East, the two countries have pledged to maintain the oil trade (Azad, 2023: 23). Creating efficient methods, boosting financial collaboration, and integrating new technologies can all assist reduced transaction costs and facilitate Iran-China commerce in the face of continued sanctions.

Beijing and Tehran agree that the opportunities for economic collaboration exceed the current circumstances, positioning economic cooperation as a fundamental aspect of their long-term partnership. In this regard, the 25-year Comprehensive Strategic Partnership (CSP) was formulated in the framework of the Belt and Road Initiative (BRI). The agreement highlights the significance of the cooperation in the field of infrastructure, transportation—including rail, port, and air—and telecommunications (Rashid, 2022). Its primary objective is to enhance economic and commercial cooperation, with a particular emphasis on addressing the needs of businesses and the private sector. This encompasses the facilitation of financial and banking cooperation, the streamlining of customs processes, the deregulation of trade, and the provision of logical incentives through legislation governing free trade and special economic zones. Furthermore, the agreement aims to bolster non-oil trade and cooperation, with a specific focus on agriculture and

knowledge-based industries (Yazdani & Zeng, 2023:33).

3.2. Political and Security relations

Driven by mutual respect and a shared commitment to sovereignty and self-determination, Iran-China relations demonstrate their adherence to international law and diplomatic norms. This is particularly significant in light of their unified diplomatic reactions to the implementation and consequences of sanctions imposed by Western nations. Beijing vigorously condemns illegal unilateral sanctions against Tehran China opposes one country placing its domestic law above international law and imposing unilateral sanctions on other countries (*IFP News*, 2024).

China and Iran show a convergence of views on their respective strategic interests and the perceived imbalance of power within the international system due to US dominance. While neither seeks hegemony, both China and Iran assert their status as global and regional powers, respectively, and demand recognition of their interests and preferences. Correspondingly, these countries demonstrate a proactive approach to regional multilateralism, evident in their strategic collaboration within regional organizations, particularly the Shanghai Cooperation Organization (SCO) (Çelik, 2022: 109). As Robert O. Keohane noted, "Without institutions, there will be little cooperation" (Keohane, 1988: 393). In fact, institutions provide the foundation for lasting cooperation. For both nations, the SCO serves not only as a platform to counter external pressures but also as a means to establish long-term partnerships. In the context of US-led sanctions, deepening this collaboration can contribute to stability and security throughout the Eurasian region, the Middle East and beyond.

The security engagement is also regarded as a significant and essential component of China's foreign policy regarding Iran. This policy has notably expanded through high-level meetings between military leaders from both nations, and the joint bilateral and multilateral military exercises (Ghorbani et al., 2021: 298). Additionally, based on the 25-Year Deal signed between the two countries on March 27, 2021, their collaboration spans military, defense, and security areas, including training programs, research projects, and joint efforts related to strategic issues (Greer & Batmanghelidj, 2023).

4. Conclusion

Generally, sanctions are prevalent instruments to achieve political objectives by exerting pressure on countries to alter their behavior or policies. The United States has imposed extensive economic sanctions on Iran since 1979, but they expanded significantly after withdrawing from the JCPOA in 2018. These restrictive measures against Iran have significantly influenced the dynamics of Iran-China relations, presenting both opportunities and challenges. As a result of these

sanctions and the denial of access to the international payment and transfer system, the two countries have sought alternative ways to avoid the risk of possible secondary sanctions from the United States especially in strategic energy sector.

Beyond the immediate bilateral considerations, Iran-China relations hold important implications for regional and global stability. The future prospects for Iran-China relations are therefore encouraging; however, the extent to which this partnership can reshape the regional landscape will depend on addressing external pressures.

Conflict of interest

The authors declared no conflicts of interest.

Authors' contributions

All authors contributed to the original idea, study design.

Ethical considerations

The authors have completely considered ethical issues, including informed consent, plagiarism, data fabrication, misconduct, and/or falsification, double publication and/or redundancy, submission, etc. This article was not authored by artificial intelligence.

Data availability

The dataset generated and analyzed during the current study is available from the corresponding author on reasonable request.

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