

Tehran's Ties With Beijing and Moscow

Updated July 2021



UNITED
AGAINST
NUCLEAR
IRAN

UNITED
AGAINST
NUCLEAR
IRAN

Contents

Summary 3

Tehran’s Ties with Beijing 3

Iran-China Economic Relations 3

Military and Security Ties..... 4

China’s Role in Iran’s Nuclear Program..... 5

Iran-China Strategic Agreement 5

Tehran’s Ties with Moscow 5

Iran-Russia Economic Relations 6

Russia-Iran Military Cooperation 6

Russia Role in Iranian Nuclear Program..... 7

U.S. Policy Implications 7

Summary

In 2021, the Islamic Republic signed a long-term agreement with China, and is set to renew a long-term agreement with Moscow, putting Iranian ties with the two powers in the spotlight. The Supreme Leader and [the Islamic Revolutionary Guard Corps \(IRGC\)](#) have long favored a “Look to The East” approach, aspiring to form strategic ties with Russia and China, especially in the face of Western and U.S. pressure. The incoming administration of [President Ebrahim Raisi](#) is in line with that outlook. Reformists and centrists have not opposed good ties with Russia and China, even as they are more pessimistic toward Russia and have preferred better ties with the West. The reality of Tehran’s ties with the two countries, however, has not always matched joint statements in strategic agreements and rhetoric. At the same time, Iran has cooperated on certain strategic matters with the two states. For instance, it coordinated with Russia for joint military intervention in Syria. China has also bought Iranian oil at a discount in the face of U.S. sanctions during its trade spat with Washington.

Tehran’s Ties with Beijing

Sino-Persian ties date back centuries, benefiting from high-level trade and cultural, scientific, and diplomatic exchanges. In the modern era, Iran formally [established](#) diplomatic ties with the People’s Republic of China in 1970. In recent decades, China has become one of Iran’s top oil buyers even during US-led oil embargos, but China’s [diversified](#) crude oil suppliers means China has the upper hand in this relationship. Iranian-Chinese trade dramatically increased in the mid-2000s. In 2019, China exported about \$48 billion in trade value to Iran and imported \$22.4 billion from Iran. Since 1979, China has [been](#) one of the only countries willing to sell arms, ballistic missile components, and anti-access/anti-area denial weapons systems to Iran. In recent years, Iran and China have exchanged high-level military delegates and held joint drills. In the 1980s and 1990s, China [provided](#) Iran with various types of nuclear technology and know-how that assisted in the development of the Iranian nuclear weapons program. Even as Beijing declared it would cease selling dual-use components, Washington alleged that these activities continued. In the 2000s and 2010s, China voted in favor of stringent sanctions imposed over the weapons program, driven by a desire to avoid open conflict. It encouraged Iran to reach a compromise and opposed the U.S. exit from the Iran nuclear deal. In 2021, Beijing and Tehran signed a 25-year strategic agreement. While the full details of it have not been released, leaks suggest a wide-ranging agreement encompassing discounted Iranian crude oil supplies, tens of billions in Chinese investment in Iran, as well as military and security cooperation. While all the figures may not materialize, potential Chinese assistance and investment in strategic sectors like telecommunications could strengthen the Islamic Republic police state.

Iran-China Economic Relations

Ancient Persian and Chinese empires engaged in trade through the “silk road.” Since the 1990s, China has viewed Iran as a major oil supplier, often taking advantage of its economic isolation resulting from of U.S. sanctions over the Iranian nuclear program. Beijing has also [balanced](#) its ties with other Middle East states and adversaries of the Islamic Republic, like Saudi Arabia. China has [diversified](#) its crude oil imports, with Saudi Arabia and Russia as the top suppliers.

UNITED AGAINST NUCLEAR IRAN

When oil sanctions were imposed on Iran by the Obama administration in 2012, China [acquired](#) waivers for Iranian oil purchases. In 2018, President Trump withdrew the U.S. from the Joint Comprehensive Plan of Action (“JCPOA”) and sought to bring Iranian oil exports to “zero” to pressure Iran to begin negotiations on a new deal, and issued some waivers to give major importers of Iranian oil such as China time to find new suppliers. A year later, the Trump administration ended all [waivers](#) on imports of Iranian oil. China, however, has defied the U.S. on crude Iranian oil imports, purchasing them at a steep discount while it has been engaged in a trade war with the U.S., seemingly seeking to use its Iran purchases as leverage. The U.S. Treasury has subsequently designated several Chinese entities that continued purchasing Iranian [crude oil](#) and [petrochemical](#) products. UANI has [tracked](#) and [documented](#) via open-source Chinese purchases of Iranian crude oil.

Before the U.S. withdrawal from the JCPOA, prominent state-controlled energy giants [Sinopec](#) and [China National Petroleum Company](#) had [announced](#) major investments in Iranian energy fields. However, they pulled their agreements following the re-imposition of nuclear-related sanctions in order

China is one of Iran’s largest trade partners. China emerged as a vital player in reconstruction following the Iran-Iran War and has remained engaged in the development of Iranian infrastructure, with a [significant footprint](#) in the construction of dams, factories, airports, roadways, and Tehran’s subway system. Iranian-Chinese trade significantly [expanded](#) during the mid-2000s. The volume of trade reached \$51.8 billion in the mid-2010s. In 2020, however, that [dropped](#) to \$20 billion due to US-led sanctions and a reduction in oil sales. Iran is currently a [linchpin](#) in Beijing’s signature “One Belt, One Road” initiative, which aims to invest over \$1 trillion in infrastructure, connecting over 60 countries in Europe, Asia, and Africa.

Military and Security Ties

In the 1970s, under the Pahlavi monarchy, China and Iran [developed](#) good ties. At the onset of the Iran-Iraq War in 1980, China became one of Iran’s primary partners and later one of the only countries willing to provide Iran with weapons and military equipment, although it was also a large indirect supplier of military equipment to Iraq. China has [sold](#) some ballistic missile components, anti-access/area-denial weapons [capabilities](#), including anti-ship cruise missiles to Iran. Iran has used that technology to develop domestic capacity, like the Noor anti-ship cruise missile that’s a copy of the C-801.

In the 2010’s, Beijing and Tehran [expanded](#) their military cooperations, exchanging high-level delegations and [holding joint drills](#). It should be [noted](#) that Beijing published its Arab Policy Paper in January 2016, expressing Beijing’s desire to cultivate closer military cooperation and [exchanges](#), including on weapons with all Arab countries, which include adversaries of the Islamic Republic. For instance, China has [exported](#) CH-4 unmanned aerial vehicles (UAVs) to Saudi Arabia and the United Arab Emirates, which have deployed these drones in campaigns against the Iran-backed Houthis in Yemen. In 2019, the Islamic Republic Armed Forces General Staff chief and IRGC Major General Mohammad Baqeri [led](#) a delegation to China, signing an agreement to hold joint training courses, increase high-level delegation exchanges, hold joint drills, and exchange experience.

China has also played a role in the provision of sanctioned goods and services to Iran, as evidenced by the levying of fines against smartphone company [ZTE](#) and the [arrest of Huawei's Chief Financial Officer](#) for providing telecommunications equipment to Iran in violation of U.S. embargoes which was used in government surveillance and repression.

China's Role in Iran's Nuclear Program

China has cooperated significantly with Iran on its nuclear program. In the 1980s and 1990s, China is [believed](#) to have helped with the construction of Isfahan Nuclear Research Center, which has played a significant role in the development of Iran's nuclear program, as well as assisting in uranium exploration and mining, and helping Iran master use of lasers for uranium enrichment. Beijing [committed](#) itself to stop providing direct nuclear support to Iran in 1997 as a component of an effort to bolster ties with the U.S. However, Chinese companies continued providing dual-use components to Iran. China has [continued](#) working with the Islamic Republic to redesign the Arak reactor, a component of the JCPOA meant to preclude a route to plutonium-based nuclear weapons.

Iran-China Strategic Agreement

In April 2021, Beijing and Tehran [signed](#) a 25-year strategic cooperation agreement. The idea of the agreement was birthed during Chinese Premier Xi Jinping's visit to Iran in early 2016. In September 2019, Petroleum Economist published a report about the agreement, which claimed that China would invest roughly \$400 billion in various sectors, and Iran would sell its oil and energy products at a heavy discount and prioritize Chinese companies. A portion of the agreement states that China would deploy 5,000 military forces to Iran to protect its projects, which Islamic Republic officials denied. In July 2020, drafts of the purported document [leaked](#) to several news [agencies](#), including The New York Times. The document leaks also included planned Chinese investment of \$400 billion to encompass Iran's energy, banking, telecommunications, and transportation sectors in exchange for access to heavily discounted Iranian oil over a 25-year period. The deal also called for Iran to sell oil at a heavy discount and enhanced security cooperation over the same period. The reports created a widespread perception that Iran was essentially transforming into a vassal of China. When officials formally signed the agreement in 2021, they did not fully release the agreement's details, including the dollar amount to be invested. While not all the agreement terms would bear fruit, some strategic areas like oil purchase and telecommunications sector, which involved surveillance technology, could prove strategic for Iran. At the same time, China has continued [deepening](#) its economic ties with other countries in the Middle East, such as Saudi Arabia.

While all the figures may not materialize, potential Chinese assistance and investment in strategic sectors like telecommunications could strengthen the Islamic Republic police state. The Islamic Republic probably hopes increasing Chinese investments would increase Chinese stakes and thus commitment to the Islamic Republic, similar to Beijing's [support](#) of Venezuelan President Nicolas Maduro in the face of deteriorating internal security and American sanctions.

Tehran's Ties with Moscow

UNITED AGAINST NUCLEAR IRAN

Iranian and Russian history has been [fraught](#) with deep mutual distrust. Tzarist Russia annexed Persian territory during the Russia-Perso wars in the 19th century. Russia and the United Kingdom effectively divided Iran among themselves in the 19th and early 20th centuries. Soviet forces occupied northern Iran during World War II, and their refusal to vacate Iranian territory following the war created a diplomatic crisis. For decades, Iran was a pillar of a US-led effort to curtail Soviet penetration in the Middle East. Following 1979, the Islamic Republic provided some support to Afghans fighting the Soviet invasion. Following the 1991 Soviet collapse, Russian and Iranian ties generally improved, but some mistrust lingered. Russia has provided Iran with some arms and nuclear technology. It voted in [favor](#) of United Nations resolutions against Iran over its nuclear program, encouraging the signing of the JCPOA. Shortly after the signing of the nuclear agreement, Iran and Russia [escalated](#) military intervention in Syria in 2015 to prevent the fall of their Syrian ally President Bashar al-Assad. Iran acted as the ground force for Russia, and Russia provided decisive air power and special forces. Competition for influence in Syria among the two powers, however, has [continued](#). Russia has sought to present itself as a power broker in the Middle East, and has sought a good relationship with everyone, including Saudi Arabia, Iran's adversary. Iran and Russia have [participated](#) in joint military drills. However, during the Second Karabakh War in the South Caucasus between Azerbaijan and Armenia, Russia [disposed](#) of an Iranian proposal for a peace treaty, highlighting that the Kremlin uses Tehran when it sees fit. In 2021, President Vladimir Putin rebuked a meeting with [Parliament Speaker Mohammad-Baqer Qalibaf](#), apparently because Qalibaf did not conform to the Kremlin's COVID-19 protocol. At the same time, following the official announcement of Ebrahim Raisi's win in 2021, the Kremlin [was](#) one of the first to congratulate Raisi.

Iran-Russia Economic Relations

Despite signing agreements to expand trade, the actual volume of trade between Iran and Russia has been insignificant. The two countries have [signed](#) trade agreements valued at more than \$25 billion, but the actual volume of trade has been less than \$2 billion. Islamic Republic officials and pundits have [lamented](#) this low trade volume, blaming [factors](#) ranging from lack of attention to exports among Iranian officials to lack of correct understanding of the Russian market. In 2014, Iran and Russia [announced](#) a multi-billion dollar oil-for-goods barter agreement, and the two declared a new oil purchase agreement in 2017, but the actual shipment of Iranian oil happened only once in November 2017. Recently, Russia and Iran have [announced](#) more desire to expand cooperation, especially in the energy sector, but the actual implementation remains to be seen.

Tehran and Moscow have cooperated economically in certain instances, including illicit trade. In 2018, Treasury [designated](#) targets involved in an illicit scheme in which the Islamic Republic worked with Russian companies to provide millions of barrels of oil to the Syrian government. In exchange, Damascus facilitated the movement of hundreds of millions of dollars for the IRGC Qods Force for transfer to Hamas in Gaza and Hezbollah in Lebanon.

Russia-Iran Military Cooperation

UNITED AGAINST NUCLEAR IRAN

Iranian and Russian defense cooperation has been tumultuous. Between 1995 and 2001, more than 70 percent of Iran's weapons [imports](#) came from Russia. In 2001, Iran and Russia signed a 10-year agreement [renewed](#) once to enhance military and defense cooperation, such as resuming sales of conventional Russian arms, but that agreement on paper did not [translate](#) into significant final deals on weapons sales. Later, Russia's years-long delay in [delivering](#) the S-300 air defense system to the Islamic Republic to comply with the U.N. arms embargo compounded mistrust in Iran toward Russia.

The Russian-Iranian joint intervention in Syria created the avenue for cooperation, despite lingering mistrust. Iran and Russia also [formed](#) an intelligence-sharing alliance with Iraq and Syria based in a headquarters in Baghdad to coordinate the war effort against the Islamic State in 2015. For instance, the IRGC [passed](#) along intelligence to Russia for bombing targets in Syria. Russia used Iranian airspace for [bombing](#) targets in Syria, and Iran permitted the Russian Air Force to use an Iranian military base to conduct [airstrikes](#) in Syria, the revelation of which was immensely controversial in Iran, raising enough pressure to [cancel](#) the arrangement for the time being. Nevertheless, in 2019, the Navy chief of the Islamic Republic *Artesh*, a military institution parallel to the IRGC, led a delegation to Russia and [announced](#) a "classified" military agreement between the Islamic Republic armed forces and Russian Defense Ministry. In 2020, the Russian ambassador to Iran said there was "no problem" for Russia to [sell](#) S-400 air defense system to Iran following the expiration of the U.N. arms embargo, but no concrete agreement has thus far been announced. In 2021, Iran and Russia [held](#) a joint naval drill in the Indian Ocean, in which China also participated. Furthermore, Iran and Russia signed a cybersecurity and information technology [cooperation](#) agreement. Israeli officials have [alleged](#) that Russian vessels protect Iranian transportation of weapons shipments to Syria and Lebanon.

Russia Role in Iranian Nuclear Program

In the 1990s, Russia and Iran signed nuclear agreements for Russia to construct the Bushehr nuclear power plant, which has [dragged](#) out for years. American officials [believe](#) that individual Russian scientists and institutes helped Iranian engineers in mastering the nuclear fuel cycle, and the construction of 40 M.W. heavy water research in Arak.

U.S. Policy Implications

Any U.S. policy toward Iran will indubitably be tied to the state of relations with Russia and China. Policymakers should be aware that the Islamic Republic seeks to increase Russian and Chinese stakes in it in order to increase those states' willingness to support the Islamic Republic's ability to manage external and internal pressures. The expiration of the U.N. arms embargo on Iran in 2020 allows it to legally purchase hardware from Russia and China, though financial constraints resulting from sanctions and low oil prices have curbed Tehran's ability to purchase advanced Russian and Chinese weapons. While Tehran is unlikely to completely change and overhaul its doctrine to become a conventional power, it hopes to hone its asymmetric capabilities by purchasing particular Chinese and Russian weapons systems. U.S. policymakers should also be aware that the Kremlin and Beijing have proven willing to engage in illicit activities with the Islamic Republic, including in violation of U.S. secondary

UNITED
AGAINST
NUCLEAR
IRAN

sanction when interests suit them. At the same time, Beijing and Moscow have both showed unwillingness to sacrifice their ties with other states in the Middle East, including Tehran's adversary Saudi Arabia in favor of Tehran.