



**RESEARCH PAPER**

**Between Sanctions and Strategy: The Evolution of China-Iran Relations in a Shifting Global Order**

<sup>1</sup>Muhammad Afzal and <sup>2</sup>Dr. Imran Wakil

1. PhD Scholar, Department of International Relations, GC University Faisalabad, Punjab, Pakistan
2. Assistant Professor, Department of International Relations, GC University Faisalabad, Punjab, Pakistan

**Corresponding Author:** afzal.haral301@gmail.com

**ABSTRACT**

This qualitative study focuses that how China and Iran have developed their relations under the US-led sanctions imposed on Iran and how they evolved their relations in a shifting global order. Entering the 21st century, a new relation emerged between Beijing and Tehran, and has developed into a multi-layered and highly complex relationship of a strategic partnership. The motives behind these mutual interests; the presence of common geopolitical objectives, cooperative economic requirements, and shared opposition to Western dominance are also discussed in this study. China's foreign policy has always been characterized by a strong emphasis on neutrality and non-intervention; however, her relationship with Iran shows a carefully measured degree of support to an economically sanctioned country, recognizing the geopolitical significance of Iran as a Middle Eastern country. The multidimensional China-Iran partnership has been strengthening since 2000 and particularly after the US sanctions against Iran deepened, alongside the US Shift to Asia. Currently, economically and diplomatically isolated Iran has found in China an important source of support. Also, an important source of support for China is Iran, who highly values an economically developing country with the energy supply, the expansion of the Belt and Road Initiative, and the support for a multi-polar world. In addition to all of this, China has an increasing desire for strategic diversification in the Middle East and in this case is also providing a good opportunity to her. It is recommended that if China wants to make BRI a safe and successful route in the Middle East, and get benefit from the cheap Irani petroleum products, it is necessary for her to keep continue her support in every field even in the presence of US-led Western sanctions. It is also recommended for Iran to respect China's balancing strategy towards all the Gulf states.

**KEYWORDS** China, Iran, Sanctions, Relationship, Dominance, Middle East, BRI, Partnership, Economically, Diplomatically

**Introduction**

Although the relationship between China and Iran formally began in 1971, it became more strategically intensive after the Iranian Revolution of 1979. Both Beijing and Tehran had and still have equally strong skepticism towards the West and want to implement their own independent foreign policies. During the Iran-Iraq War of the 1980s, China started to provide Iran with large amounts of armament and military supplies, which began a relationship militarily and strategically (Garver, 2006). This relationship became even more strategically important to China after the U.S. implemented heavy sanctions on Iran and began to diplomatically isolate the country. China's relationship with Iran then began to develop into a more symbiotic strategic relationship after the 1990s when it became important to China to diversify its sources of energy and equally became important for Iran to attempt to regain regional dominance against the U.S. from the West (Olimat, 2013).

Even while international sanctions were aimed at almost every part of the Iranian economy, trade between Iran and China has proven to be fairly stable, with bilateral trade being recorded as over \$14 billion for the year of 2022, according to the General

Administration of Customs of China, despite the sanctions against the financial, maritime, and energy sectors. China receives, amongst other things, or has refined, and exported to Iran, oil and petrochemicals, and receives from Iran, machinery and electronics, and other means of transport and pharmaceuticals (Syed et al., 2022). To keep Iran as a trading partner, China has engaged in some creative contracting, overcoming the financial sanctions and trading restrictions with some pretty complicated work arounds. To trade with Iran, the Central Bank of Iran and the Bank of Kunlun, a subsidiary of the China National Petroleum Corporation, have used a lot of creative contracting, despite the risks of being sanctioned by the U.S. (Fulton, 2019). Furthermore, through trade with China, Iran has received a lot of 'Dual Use' Goods and technologies, being defined as goods and technologies that can be classified as either being exclusively used for military requirements or as being exclusively used for civilian requirements, and although these trades may be classified as illegal, they more importantly signify and support the growing economic partnership and trust between both Iran and China.

The most strategic and controversial component of China-Iran economic relations is the evasion of sanctions. The two countries have developed ways to bypass U.S. financial sanctions. Fulton identifies informal money exchangers (hawala) for cross-border currency transactions, hypothecation and shell companies in the U.A.E., Turkey, and Hong Kong, phony documents and ship manifest alterations, and Venezuelan and Malaysian Networks for fund and oil-exporting laundering, as ways to circumvent U.S. sanctions. While China is officially opposed to U.S. sanctions, it supports U.N. Security Council resolutions. China has framed its trade relations with Iran as a matter of legal trade and sovereignty (Fulton, 2022). However, as unilateral sanctions have been placed on Chinese companies, companies have had to navigate a more complicated legal landscape. For instance, the U.S. Treasury has placed several Chinese energy and shipping companies on the sanctions list for exports to Iran.

## **Literature Review**

“China Ties with Iran and Saudi Arabia: A Critical Analysis of Changing Dynamics in Persian Gulf” by Tehreem Ahmed, Muhammad Arslan, and Ghulam Mustafa. In this article, the relationships between China and two regional powers of Middle east, Iran and Saudi Arabia, is discussed briefly. Writers conducted this qualitative research. In this paper, it is examined that how the competing powers with China are trying to preserve their interests in this region. The study describes that the Belt and Road Initiative is bringing China closer to these states and different agreements are being signed among these states. The diplomatic relations between Iran and China are discussed briefly. It is stated that both states had established these relations before the Islamic Revolution of Iran that occurred in 1979. The anti-Western factor of Iranian foreign policy played an important role in bringing both states closer. This paper also describes that China enlarged cooperation with Iran in the time of US-led sanctions and when the Europeans stopped business with Iran. The paper also discusses about the China-Saudi diplomatic relations. President Xi Jinping’s visit of Saudi Arabia in 2022 was a historic event in both states’ relations. The economic relations between Iran and China and Chin-Saudi are also mentioned in this paper. This paper also discussed about the Saudi-Iran historical rivalry and then the Chinese sponsored agreement for the restoration of diplomatic relations in 2023 (Ahmed et al., 2024; Muzaffar, et. al., 2017). A number of aspects have been covered in this research but the one that is missed is the different aspects of the changing dynamics in Middle Eastern region. How these rival, competitive, and long-term clashing states are coming closer will be discussed in this study.

“Saudi-Iran Rapprochement and China’s Growing Presence in the Middle East” by Ayeza Areej, Bushra Ikram, and Junaid Jhandad. In this article, the reconciliation process between Saudi-Iran and its possible sustainability is described. The study also discusses about the China’s role in the reconciliation process between these two powerful but historical rival states in this region. It is also discussed in this paper that how China is trying

to overtake the US status in this region. China is presenting itself as a powerful actor in Middle Eastern region and politics. The possible threats to the reconciliation process between Iran and Saudi Arabia are also discussed in this paper. In this paper, the Saudi-Iran relations from the Iranian revolution of 1979 are described. The writers of this paper consider that the major clash between these two states lies in their state and the institutionalize structures. The writers are of the opinion that their rivalry started after the Iranian revolution when the Iranian religious leader criticized the Saudi government and declared as against the true teachings and essence of Islam. Two rival groups emerged in Middle East in the consequences of such a situation. Writers discuss about China, Iran, and Saudi Arabia's relations. The comparative method of study is used in this research to investigate China's policies toward Saudi Arabia and Iran that are two most important states of Middle Eastern region. Different angles of China's relations with these two states are discussed by the author. China's relations' similarities and dissimilarities towards these both states are discussed in this research (Youns, & Muzaffar, 2025; Areej et al., 2024). All the other aspects of are included in this research except someone's. In this research, the possible consequences of China's growing involvement in the region of Middle East are not described and these will be discussed in this study.

"China and the Middle East: From Silk Road to Arab Spring" by Muhamad S. Olimat. In this book, the writer provides a detailed discussion of the different aspects like that of the political, financial, historic, and strategic sides of China-Middle Eastern relation. The writer describes in this book that how China-Middle East have come closer and consequently the positive and negative thoughts appeared in the region as well as in the West. They writer has discussed the element of energy security and the day by day increasing oil demand of China. It also has discussed the rivalry between the great powers in the Middle East. It also has been discussed in this book that what are the challenges to the China-Middle Eastern relation. The book's writer presents a broad range of views, illuminating the complex dynamics of China-Middle East relations and their outcomes for regional and global dynamics. Starting with the historical relations from the period Silk Road, the book delves into the cultural, diplomatic, and economic exchanges that have formed China-Middle East relations throughout the history. This historical viewpoint offers useful background information for comprehending the dynamics of Chinese bonds with this region now (Yaseen, et. al., 2023;Olimat, 2015). This book discusses about the China-Middle East relations from Silk Road to Arab Spring but ignores the Saudi-Iran role as competing states in this period. This aspect of the study will be analyzed in this research.

## **Material and Methods**

A qualitative research method is used in this study. The process tracing is employed to discuss the growing China-Iran relations during the sanctions period. It integrates the thematic analysis of the available official documents and the secondary data by using the comparative analysis of different geopolitical phases.

## **Results and Discussion**

### **Strategic Partnership in the 2000s**

In the early 2000s, the relationship between China and Iran began to change. Because of the increasing demand for energy and the Western countries pressing Iran about its nuclear program, China began to change its policy and engage with Iran. During Mahmoud Ahmadinejad's presidency (2005-2013), bilateral trade, especially in oil, gas, and infrastructure, grew rapidly. By 2009, China had outstripped the European Union and become Iran's biggest trading partner (Zenz, 2020). During this time, there was also a large Chinese investment in the infrastructure of Iran, including the Tehran Metro, dams, and railways. Even with China supporting some of the United Nations Security Council (UNSC) resolutions regarding Iran's nuclear activities, they consistently opposed the unilateral

United States' sanctions and advocated for a diplomatic approach. This strategy provided China with the ability to maintain its image while also gaining access to Iranian resources (Khan, 2019).

### **Comprehensive Strategic Partnership from 2016**

During the 2016 visit of Chinese President Xi Jinping to Tehran, the two Countries established a Comprehensive Strategic Partnership, marking a new phase in bilateral relations. The five-year Cooperation Plan in 2016 initiated long-term collaboration in energy, infrastructure, defense, technology, and culture (Eslami & Papageorgiou, 2023). Iran was among the earliest Middle Eastern countries to officially support the Belt and Road Initiative, aligning its eastern connectivity ambitions with Chinese interests. Noteworthy, China and Iran struck signature milestone in March 2021, a 25-year Cooperation Agreement, which is rumored to contain a \$400 billion Chinese investment lottery ticket in Iran's energy, infrastructure, banking, and telecommunications sectors (Fulton, 2022). The \$400 billion lottery ticket is a very optimistic drive, given the scant details. However, it underscored the political significance regarding Iran and China's long-term Cooperation Agreement, which is poised to support the strategically interested sanctioned regime, of the West (Ali et al., 2024).

### **Strategic Calculations and Mutual Benefits**

The partnership gives Iran the following benefits: China's financial system and markets are not alternatives for Iran's. China also provides a stable buyer for Iran's oil exports and invests in Iran's industrial and infrastructure sectors. Multilaterally, China provides diplomatic partnership to Iran in the UN. For China, Iran is a major supplier of energy, and a strategic transit corridor to Europe through the BRI, and of the East. Iran also provides support in countering U.S. dominance in the Gulf and in the construction of a multi-polar system (Muzaffar, et. al. 2017); Elveren, 2014). The consolidated relationship, and the interdependence despite its tensions, is a testament to both parties' ability to adapt to the changing realities of the global system.

### **Oil Trade and Energy Interdependence**

China and Iran have partnered in a lot of different areas, but one of the most critical is energy interdependence. China is responsible for a large portion of Iran's oil exports (between 400,000 and 1,000,000 barrels a day) and has been Iran's biggest oil customer for decades (Zenz, 2020). Notable parts of China's oil imports from Iran include China importing oil from Iran when the West exited due to sanctions and exports to Iran during the period of the US's economic sanctions following the US's withdrawal from the Joint Comprehensive Plan of Action (JCPOA). Chinese refiners have continued to import Iranian crude oil, despite the pressure from the Chinese Government, sometimes using covert methods of imports such as ship-to-ship transfers, reflagging, and altering the documented country of origin of the ship (Fulton, 2022). China relies heavily on Iran for energy. Iran provides China discounted energy as a form of economic exchange and a measure to relieve its economic isolation. Chinese companies such as Sinopec and CNPC have also invested in oil fields in Iran, such as Yadavaran and South Azadegan, but sanctions and security issues have impacted these investments (Olimat, 2013).

### **Trade Relations under Sanctions**

Even while international sanctions were aimed at almost every part of the Iranian economy, trade between Iran and China has proven to be fairly stable, with bilateral trade being recorded as over \$14 billion for the year of 2022, according to the General Administration of Customs of China, despite the sanctions against the financial, maritime, and energy sectors. China receives, amongst other things, or has refined, and exported to

Iran, oil and petrochemicals, and receives from Iran, machinery and electronics, and other means of transport and pharmaceuticals (Syed et al., 2022). To keep Iran as a trading partner, China has engaged in some creative contracting, overcoming the financial sanctions and trading restrictions with some pretty complicated work arounds. To trade with Iran, the Central Bank of Iran and the Bank of Kunlun, a subsidiary of the China National Petroleum Corporation, have used a lot of creative contracting, despite the risks of being sanctioned by the U.S. (Fulton, 2019). Furthermore, through trade with China, Iran has received a lot of 'Dual Use' Goods and technologies, being defined as goods and technologies that can be classified as either being exclusively used for military requirements or as being exclusively used for civilian requirements, and although these trades may be classified as illegal, they more importantly signify and support the growing economic partnership and trust between both Iran and China.

### **Sanctions Evasion and Grey Zone Cooperation**

The most strategic and controversial component of China-Iran economic relations is the evasion of sanctions. The two countries have developed ways to bypass U.S. financial sanctions. Fulton identifies informal money exchangers (hawala) for cross-border currency transactions, hypothecation and shell companies in the U.A.E., Turkey, and Hong Kong, phony documents and ship manifest alterations, and Venezuelan and Malaysian Networks for fund and oil-exporting laundering, as ways to circumvent U.S. sanctions. While China is officially opposed to U.S. sanctions, it supports U.N. Security Council resolutions. China has framed its trade relations with Iran as a matter of legal trade and sovereignty (Fulton, 2022). However, as unilateral sanctions have been placed on Chinese companies, companies have had to navigate a more complicated legal landscape. For instance, the U.S. Treasury has placed several Chinese energy and shipping companies on the sanctions list for exports to Iran.

China has not cut ties completely, but has instead opted for what can be called an economy of shadow resilience, where both parties sustain a parallel commercial structure through sharing intelligence, resources, and risk. This model indicates an expanding axis of resistance not only involving China and Iran, but other sanctioned countries such as Russia, Venezuela, and North Korea (Chaziza, 2020).

### **Technological Transfers and Telecommunications**

Huawei and ZTE have assisted Iran in growing their telecommunications and cyber police systems, giving them the tools to contract their internal systems and control their internal populations (Ahmed et al., 2024). For many, including Iran and the Western world, these networks and systems have a lot of importance. For one, these systems allow Iran to break away from dominant Western systems, and, of greater importance, these systems allow Iran to integrate into the Digital Silk Road (which is a large part of the BRI). Huawei's involvement in Iran has attracted attention from Western countries, and providing systems to Huawei has raised concerns in Western countries. However, in terms of geopolitical alignment, providing systems to Huawei is a diplomatic win for China, as it will allow Huawei to gain access to Iran.

### **Strategic Convergence in the 21st Century**

From the outset of the 21st century, the defense collaboration between Iran and China has transformed from merely selling arms, to incorporating aspects such as training, the maritime domain, intelligence, and cyber activities (Bajoghli et al., 2024). The most recent developments of this defense collaboration remain focused on the terrorism, piracy, and western military encirclement issues. These countries mutually frame their defense collaboration as part of the fight for sovereignty and for a multipolar world. Fulton mentions that Iran has been positive about the defense collaboration with China, as it serves to

counterbalance the U.S. and NATO presence in the Gulf (Areej et al., 2024). In turn, China's informal military presence in that area serves to support the protection of its critical energy supplies and the logistics of the Belt and Road Initiative, which is why it benefits from a military presence there.

### **Arms Transfers and Military Technology Exchange**

The arms trade between China and Iran has been affected by UN Security Council prohibitions and corresponding American sanctions; however, trade has not completely stopped. Iran continues to receive, and in some cases has been documented to receive, various Chinese-manufactured drones, missile parts and systems, radars, and UAVs, some of which have been reverse engineered and modified by Iranian defense industries (Chaziza, 2020). Chinese drones have been instrumental for Iran in the production of the Shahed-class UAVs, which have been deployed for both combat and reconnaissance missions throughout the Middle East. Of particular concern to the Gulf monarchies and Western powers is the operational capability that the Iranian UAVs provide to Iran in Iraq, Syria, and Yemen.

Chinese technologies in the Iranian missile programs, both ballistic and cruise, in particular concerning guidance systems, solid fuel, and satellite-based guidance have been instrumental in providing Iran the means to circumvent international regulations and enhance its self-sufficient military capabilities. The Chinese technologies have been instrumental to Iran in providing the means to circumvent international regulations and enhance its self-sufficient military capabilities.

### **Chinese and Iranian Divergence and Opposition to Western Hegemony**

Both countries face various forms of confrontation and isolation with the West but under different circumstances. For instance, U.S. hostility towards Iran's nuclear ambitions, regional influence, and ideology has led to the imposition of military, diplomatic, and economic sanctions. Conversely, China has never been directly involved with the West (Chakma, 2011). However, in recent years, the United States has been critical of China's activities in the South China Sea, the treatment of the Uyghur population, the potential invasion of Taiwan, and the overall international expansion of the country.

Strategic empathy and the desire to cooperate arise from the shared experience of containment. Chinese and Iranian officials often perceive a Western double standard in policing state behavior. Countries often see the West as a regime change and military intervention and then a nuclear double standard. Both countries reject and criticize coercive diplomacy, as they advocate for a political system based on state sovereignty, mutual respect, and peace (Calabrese, 1998). Iran has viewed China's foreign policy as an example of resistance towards the West. In general, Chinese diplomats try to remain neutral and not adopt Iranian radical rhetoric, but many of them have supported the concept of non-intervention and the idea of self-determination in relation to the political system.

### **Advocacy of Multipolarity and South-South Cooperation**

Both Iran and China endorse a world order with numerous power centers and oppose singular dominance. They oppose unipolar U.S. hegemony and the use of sanctions, military, and ideological intervention, and the pressure of liberal norm enforcement. Instead, they support systems built on regional balance, economic partnerships, and mutual advantage.

As a consequence, China supports the BRI and joins BRICS+ while Iran has historically championed South-South cooperation through the Non-Aligned Movement, the SCO, and most recently, BRICS. Iran's 2023 BRICS membership (with votes from China and Russia) marked a geopolitical shift and an intention to dilute global hegemony centered on

the G7 (Bajoghli et al., 2024). Moreover, these nations assert that the Western liberal democratic model of governance is not the only valid model and, in fact, offer their own paths to development as alternatives. This ideological openness is appealing to a growing number of authoritarian or semi-authoritarian regimes that want to develop economically without democratic liberalization, a trend that is consolidating in today's world.

### **Political Convergence in a Fragmented World**

The political relationship of China and Iran is not accidental nor is it merely functional; it is the result of a historically patterned experience, a strategic confluence, and a shared vision of a world order beyond the West. Both want to 'disrupt and replace' the existing architecture of international relations; to pluralize the governance of the world and self-determine the political arrangements of their sovereignty. Their joint criticism of liberalism and defence of the principles of sovereignty from multilateral frameworks portrays the strong ideological alignment between the two (Ehteshami, 2017). Yet, the relationship is kept in check, with China pursuing a more balanced stance in the region and Iran wanting to be more self-assertive. The political alignment is, therefore, the ideal flexible alignment where strategic cooperation is exercised without ideological certainty and positive bilateral relations without a formal alliance.

The more the world order is fragmented and multi-polar the more this relationship is likely to grow and for China, Iran is a critical partner in this 'resetting' of the rules of the global game (Yaseen, et. al., 2023). For Iran, China is both an economic lifeline and a symbol of defiance against the West's policy of exclusion. With China and Iran, it is not merely the reaction to the West, but the construction of alternative global political arrangements based on the principles of sovereign equality, civilizational self-assertion, and strategic independence.

### **China's Position on Iran's Nuclear Program**

Since the beginning of the Nuclear Crisis in the early 2000's, China has placed emphasis on Iran being a signatory to the Nuclear Non-Proliferation Treaty (NPT), which allows the country to develop nuclear energy for civilian purposes. Rather than a case involving military coercion, China has argued that the situation needs to be resolved through the appropriate means of dialogue and diplomacy (Garver, 2006). Such a position is consistent with China's foreign policy practices concerning non-interference and a focus on no regime-change policies. Regarding Iran's nuclear program, China has demonstrated concern and supported a few UNSC (United Nations Security Council) resolutions that sanctioned Iran (2006-2010) on an imposed, limited basis, while maintaining a position of support for multilateral sanctions. China has also argued against unilateral sanctions imposed by the United States and the European Union (Zenz, 2020).

This type of foreign policy allowed China to maintain an adequate balance between its own strategic needs in Iran with the imperatives of the international community. It also gave China's foreign policy elements the appearance of neutrality which allowed it to serve as a link between Iran and the West at various times of negotiation activities.

### **The 25-Year Strategic Agreement and Sanctions Resilience**

China and Iran have begun a partnership under a 25-year strategic cooperation agreement with an estimated value of \$400 billion. The partnership began in 2021 and is deemed an Iran response act to US economic sanctions and Iran's regional isolation. There is numerous China investments planned for Iran's economy in energy, infrastructure, and telecommunications, as well as military collaboration, in return of a continuous supply of Iranian oil at a discount (Ahmed et al., 2024). Despite full of cooperation being stalled due to geopolitical concerns and banking restrictions, it is a marker of a China-Iran long term

partnership. Additionally, the partnership underscores China's willingness to work with countries under sanctions. This partnership challenges the US-led global economic structure.

### **Iran's Strategic Geography in China's Belt and Road Vision**

Iran's geopolitical significance fortifies China's primary foreign policy strategy, the Belt and Road Initiatives (BRI), which facilitates the interconnectedness of Eurasia through multiple integrated networks of land, sea, and digital corridors, as well as energy pathways. Positioned at the intersection of the Middle East, Central Asia, and South Asia, Iran acts as a fundamental component for land bridge connections from China to Europe, and is critical for the ongoing development of alternate trade routes for China, which circumvent maritime chokepoints controlled by Western powers (Zenz, 2020). The US sanction policies may limit the potential for large-scale investments from China to Iran, yet the strategic reasoning for the inclusion of Iran to BRI-related construction, energy, and logistics remains strong. Iran is seen by China as a central transit hub, energy supplier, and a strategic ally in the reconfiguration of the global trade system and geopolitical structure. From Iran's perspective, the BRI provides an opportunity for economic diversification, regional integration, and reduction of the country's international isolation (Fulton, 2019).

### **Conclusion**

At the end, it can be concluded that the beginning of the 21st century has seen a new era of development surrounding Iran and China's multilayered comprehensive strategic partnership as a result of both countries steadily deepening the diplomatic and economic tiers of their bilateral relations. Their bilateral relations have grown particularly important as the two countries stand against the West, pursue greater regional and international positions, and their relations become more critical for the Middle East and wider Eurasian geopolitical landscape. This chapter has focused on systematically analyzing the various facets of Iran and China's relations in the 21st century, including energy, trade, infrastructure, diplomacy, perceptions, regional integration, and military cooperation. This relationship has shown that the partnership is more than an opportunistic response to Western sanctions, more than just an opportunistic response to Western sanctions, and is instead, the product of a greater and far-reaching strategic logic that entails a synergetic partnership based on relational pluralism, strategic intertwining and a simultaneous commitment to principles of multipolarity, sovereignty and regional integration.

Energy trade is the most important aspect of the two countries' business relationships. Iran is essential to China's energy security as an oil and gas supplier, whilst China is a dependable consumer of Iranian oil and gas, even when the country is subject to trade sanctions. Trade and financial exchanges have continued on both sides, amid challenges, using different means to circumvent sanctions, including currency swap arrangements and barter, as well as indirect routes. Iran's role as a pivotal country providing links between East Asia, Europe, and the Middle East is significantly enhanced in the context of the infrastructure and connectivity framework provided by the Belt and Road Initiative. Sanctions may have also subdued the large-scale investments; however, ongoing construction work on railways, ports, and digital infrastructure indicates a long-term commitment from both sides.

The 25-year Comprehensive Strategic Partnership Agreement further institutionalized these ties, facilitating greater diplomatic engagement, defense communications, and technology partnerships. This agreement represents how both countries are placing their future geopolitical orientations towards shared resilience and diversification from the Western order. Responses to the China-Iran axis from the region have varied from the strategically cautious Gulf to alarmed Israel and tactically accommodating Turkey and Qatar. In these responses, China has adopted a unique approach

and, by avoiding ideological alignment, has been able to maintain seemingly contradictory close relations with both Iran and its rivals. Particularly notable is the growing military dimension. Though both remain cautious, China and Iran have expanded their joint naval exercises, intelligence sharing, and defense communications. This dimension is less visible than trade and energy but holds the greatest potential for the long-term reconfiguration of strategic postures throughout the Indian Ocean and Gulf regions.

### **Recommendations**

- Iran's complete reliance over China under the sanctions period makes her foreign policy single-sided that is not suitable for a state.
- To avoid the mutual ambiguities, both states should take the practical steps on designed agreement.
- To avoid the Western dominated systems like that of SWIFT, both states should work to promote the digital payment systems and local currencies.
- China should keep continue to maintain equal relations with Gulf states to keep balance among the allies.

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