

# **China's One Belt and One Road Initiative: Iranian Perspectives on The New Silk Road Strategy.**

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## **Abstract:**

Within the framework of China's global rise, the 'One Belt, One Road' initiative launched by Xi Jinping in 2013 can be seen as marking a proactive turn in its foreign policy. Whilst it is interesting to consider such developments in relation to China's evolution into a major power, it is equally useful in relation to assessments of how Chinese policy is perceived, and responded to, externally. The focus of this paper is to assess the nature of Chinese-Iranian relations – in terms of both transformation and continuity – as impacted by this new Silk Road initiative. Rhetoric concerning China's and Iran's shared historical experiences, civilizational lineage and friendly interactions run parallel to concrete motivations and ambitions. Using a Holistic Constructivist framework and cognitive foreign policy analysis, Iranian foreign policy aims and the points at which PRC-IRI interests converge, will be assessed in order to understand Iranian perceptions of China's 'One Belt, One Road' initiative. Iran is a pariah state of sorts, being at the mercy of numerous economic sanctions and so, in turn and combined with domestic pressures and structural inadequacies, is at the mercy of globalization. The New Silk Road, combined with developments in the P5+1 talks regarding Iran's nuclear capabilities and the potential scaling back of such sanctions (Scott,2015) , offer many significant opportunities and implications for the Islamic Republic. These will be assessed in the paper to identify existing PRC-IRI relations and interactions and the potential opportunities and transformations offered by Xi Jinxing's policy.

## **Introduction**

With the revival of the Silk Road ideal, formulated as Xi Jinping's One Belt One Road proposal, there are many questions that arise. Whilst many scholars prefer to focus on both what these means for China and what this reveals about its commitments to a more pro-active foreign policy direction going forward, others still focus on what impact it will have on China and its allies or even the ever threatened return of the China Threat theory or a new tributary system. It is significant to note however, that the Silk road is not China's alone – it never was. It is a system of trade which, inherently, predicates joint guardianship, governance and maintenance – interdependent as it is. The proposed new belt road is a reflection, or resurrection, of the original trading routes which put the Asian continent at the centre of internationalization, the forefather of globalization. As such it has specific implications for the original guardians of this ancient, yet advanced system.

Persia was China's ancient joint guardian and so the view of the former is worthy of note (Kemenade, 2010:170). This paper will focus exclusively on the Chinese-Iranian dynamic and the facets of their relationship which are affected by this initiative. What will be assessed will be the impact of the belt road, with regard to opportunities and issues which reflect both the continuity and transformation of relations from the perspective of Iranian perceptions of Chinese policies. It is interesting to note the two-way impacts, influences and interests that are spawned from this endeavour for the Islamic Republic of Iran, a state with as many issues as it has interests, and what this says about Chinese-Iranian relations and Iran Foreign policy generally. This endeavour will be conducted under the theoretical umbrella of Holistic constructivism. Constructivism is underpinned by two central tenets; the belief in the power of shared ideas of threats, goals or identities which create a reality within the international arena; and also that this reality results in the construction of the ideas and interests of the actors involved (Nia, 2011:280). The relationship between China and Iran represents a Tacit Alliance, informal and intangible in nature. This Tacit Alliance (TA) has been constructed and resurrected over time as a result of similarities in norms, ideas and historical experiences (Joharchi, 2014:33). This relationship, constructed through identity and cultural and historical narratives, is best analysed within a Holistic Constructivist theoretical framework. Holistic Constructivism with its emphasis on the dual roles of domestic and international influences, allows the most comprehensive analysis of all factors of effect within the Chinese-Iranian

alliance, enabling the combination of an analysis of explanations regarding ideational and normative factors at the international level and issues of social identity and domestic concerns at the national level (Burchill and Linklater, 2007:197). Iranian-Chinese relations and their influence on the construction and maintenance of a 'new' silk road therefore must be analyzed in relation to the construction of social norms and the ways in which they direct foreign policy, above predominantly traditional security concerns.

### **The Silk Road and Sino-Persian relations**

The Silk Road, which was formally established around 130BCE, is an ancient land and sea trade route connecting China, Asia and the Middle East, extending, at its peak, to reach as far as Italy. At this time, the world held four great Civilizations which acted as its guardians – China, Mesopotamia (Iran and Iraq), India and Egypt; though it was formalized as a result of the exploration mission of Chinese Diplomat Zang Qian following pre 130BCE informal and unstructured relations between China and Mesopotamia (Liu, 2010). Indeed, the term 'Silk' Road is a reference to the highly coveted Chinese export of Silk at this time. The increase in interactions signalled the first trade agreement signed between the Parthian and Sassanid Empires of greater Iran (141 BCE to 208 CE) which were by now in regular economic and political contact with the Han and Tang Dynasties of China Proper (206 BCE to 907 CE) (Fischel, 1951). The silk road was more than a route of economic productivity as it bred a transfer also of skills, technological knowhow, culture, religion and norms and values (Foltz 2000). The silk road began its steady decline with the rise of the Ming Dynasty and the increase in nationalistic and regional identities along the route. This period saw China adopt a policy of isolation, in line with the Hai Jin edict which forbade any and all maritime activity, and the creation of the great wall, which would last until the 20<sup>th</sup> Century.

During this time Sino-Persian relations, whilst not disintegrating, remained dormant until the 1970's when Beijing sought rapprochement with Washington – an ally of the newly retitled Iran. It is important to note that during this time of dormancy China and Iran experienced similarities of experience – both finding themselves at the mercy of colonialism, regional powerhouses reduced in status as a result of external deprivations of national wealth through unjust trade relations and policies imposed by the imperial powers of Europe – and, for China, Japan (Bickers 2012). In the 1950's China expressed an interest in renewing ties with Iran, as

a result of anti-imperialist uprisings in the latter which, due to its monarchical nature and heavy policy dependence on western, colonial powers, declined. This attitude was revised in the 1960's as a result of domestic and international shifts, as Iran reconsidered its approach to China. The latter's statement of support for the Shah on the eve of the 1979 revolution again resulted in a retardation, though relatively short lived, in relations. China's appeasement and recognition of the Islamic republic, combined with the Breakout of the Gulf War gave the PRC its foot in the door as it became a major arms supplier of Iran (and also Iraq). Relations between the two powers since this time, though slow in taking off, have gone from strength to strength in economic, political and diplomatic terms.

### **“One belt, One Road”: The new Silk Road**

A key enterprise that is of mutual interest to both Iran and China is the new Silk Road initiative, launched in 2013, by Xi Jinping, as the 'One belt, One road' initiative which seeks to create a free-trade corridor (Summers, 2015). This New silk road is articulated to restore China's old maritime and overland trade routes. Recognizing the importance of national branding China also launched CCTV (China Central Television) in 2009, an Arabic international channel to enhance its soft power in the Middle East and build a more positive image of china for the Arabic audience (Wai-Yip, 2014:19). China and Russia have been co-operating on the integration of Asia by way of multifarious networks of high speed railways, pipelines, superhighways and ports, with Chinese corporations seeking and closing infrastructure deals across the Eurasia landmass. Investing close a trillion dollars with an intended yield of over 2.5 trillion across over 40 countries (Shaoxian, 2015). SOEs and financial institutions are being urged to invest in external construction and infrastructure projects. Traditional craftsmanship is also being revived in an attempt to develop authentic brands in line with China's 'going global' interests (Xiansi, 2014). China is the main contributor of investments in this plan and there are some concerns around the flow of goods and China's tendency to have stronger exports than its trading partners. However, there is genuine interest in ironing out such differences as the road is a key potential source of economic and developmental progress as well as promoting greater diplomatic ties amongst members (Wong, 2015: 5). In this respect the initiative also promotes, or predicates, interlocking security guarantees, in liberal terms, as a result of the increased integration and interdependence of countries along the belt. There

have already been discussions between China and India regarding the security of borders which are of particular concern to the latter, and have, on occasion, resulted in war (Stanzel, 2015). This initiative is important in particular with regard to Iranian-Chinese relations and the convergence of interests for the PRC in creating a Eurasian economic bloc and of the IRI in accessing key markets and diplomatic opportunities, especially in light of economic sanctions, and Iran's bid to become a member of the SCO and gain greater presence in central Asia.

Geo-strategically Iran is a key node of the silk road project, which runs through the north of the country, which has key access to open seas (Ortega, 2015). This is of significant interest to Iran on several levels which have been boosted by its distancing from Hamas and its promotion of soft power and diplomacy parallel to western errors and failures in Lebanon, Iraq, Yemen and Syria (Ortega, 2015). The IRI is invested in the belt road plan and the connected AIIB and SCO security structures as they, combined and individually, provide a reprieve from its immediate, suspicious, and often hostile, neighbourhood. The new Silk Road can also be seen as the re-articulation of Persian and Chinese specifically, and Asian generally, progress and success. It builds on the previous, ancient, model of internationalization to compete in a globalized world. The belt does not just provide much needed access to markets, trade opportunities and investment and development. It provides security through interdependence, and recognition of Iran as a regional super-power. This has the possibility to be increased as western firms clamber to offer investment with the 2016 lifting of economic sanctions which has the potential to create in Iran an out-post of West meets Eurasian East (Korybko, 2015). Central Asia is also home to the 'stan' states which share cultural and historical 'kinship' commonalities with the IRI, and so can be used to develop soft power and so help to raise Iran's profile positively. The new Silk Road also seeks to develop pipeline opportunities and routes which represent a key market for Iranian energy exports, again providing the opportunity to reap much needed economic rewards which can be invested at home to increase societal legitimacy of the fractious polity and ease societal tensions caused by insecure and threadbare living standards (Luft, 2014:14).

### **Iranian Foreign Policy: restrictions and interests**

Iran has been an international Pariah, of sorts, since 1979 when it sought to remould its international relations with both regional and extra-regional powers, on its own terms

(Mostashari, 2005:8). The state, under Ayatollah Khomeini abandoned the secularizing and modernizing ambitions of the Shah in favour of a theocracy under Islamic, Sharia, law (Hashim, 1995). Relations with the dominant Western powers of Europe deteriorated rapidly or, as with the USA, were severed all together (Sabet-Saeidi, 2011:69). The constitution was redrafted and included, specifically, a commitment to the export, regionally, of the Islamic revolution. Just two presidents in, under Rafsanjani, and following the death of Khomeini and the appointment of Khamenei, such ambition was superseded by the national awareness of the need to execute a more pragmatic foreign policy approach (Hashim, 1995). The reasons for this were many, based on an economy and morale crumbling under eight years of war (with Iraq from 1980-1988), a lack of regional trust, a lack of allies, and a need to recover and move away from unprofitable isolationism. This pragmatism was maintained and developed during the Khatami presidency, faltered somewhat under Ahmadinejad (Ehteshami and Zweiri, 2001:151) and appears to have been revived under Rouhani.

Iran has a long and rich history of culture, civilization, internationalization and diplomacy (Fischel, 1951). It also has a long history of having been at the mercy of invasion, interference and domination. As a nation it has been at the mercy of the Greeks, Arabs, Mongols and Turks, and exploited and subjugated by the Russian and European empires and invaded yet again during World Wars One and Two (Ramazani, 2009). In the modern era their natural inclination to home-grown democracy was perverted by the 1953 Coup that ousted Mossadeq in favour of the return of the autocratic Shah - a leader best suited to maintaining allegiance to the neo-colonial powers that had a vested interest in the country and its rich energy reserves (Ramazani, 2009). These events are ingrained in the Iranian collective psyche and directly affect their interpretations of events and behaviours.

Yet Iranian foreign policy, like that of its Chinese contemporary, is heavily influenced by its colonial past, its constitution demanding that it not give additional weight to any hegemonic power (Nia, 2011:280). The post-colonial mind-set is a psychological one and dependant on an increased sense of self-worth – of status - something that Iran has, and is increasing to have, as it develops its diplomatic ties regionally. One key problem, as a result of the colonial era, however, is the creation of the enemy. The Revolution was the cutting of the colonial apron strings – reaction and resistance to external domination and interference (Coughlin, 2009:11). The post-1979 era saw the state actively reorganize its identity in opposition to that

of its oppressors – the shatans (devils) of Russia and the West. Chants of ‘death to America’ are as much habitual as they are representations of intent (Chopra, 2007). Indeed 9/11 was marked in Iran as a day that such chants could not be heard, as the people instead opted for pro-western street demonstrations in a show of solidarity against terrorism (Pipe, 2013:15).

In contrast to China, Iran, in the contemporary arena, is very much at the mercy of the processes of globalization. A growing population must be supported, economically, politically and socially. Iran has difficulties due to inherent mismanagement, both as a result of the war with Iraq which put longer-term structural developments on hold and also as a result of stalemates amongst the ruling elites (Aminmansour, 2007). Economic sanctions and limited trading and investment opportunities with the external world have also led to the retardation of economic growth. A direct result of this is the rapid urbanization of the Iranian population in a climate of economic stagnation internationally which has a direct domestic domino effect (Fanni. 2006:410). The state can be separated into two camps, those that urbanize with development and those that urbanize without it. The result is the lack of a clear middle level urban centre to bridge the gap between underdeveloped cities such as Hormozgan and Kerman, with major cities such as Tabriz, and Tehran (Aminmansour, 2007). Iranian advancement and development, however, is an area of concern both regionally with regard to the MENA and internationally, especially with its development of nuclear technology. Foreign direct investment (FDI) in Iran has been hindered by unfavourable and complex operating requirements and by international sanctions (Freeman, 2012). In the early 2000’s the Iranian government attempted to overcome the former of these issues by liberalizing investment regulations which has had positive effects; Iran ranks 69<sup>th</sup> out of 139 in the global competitiveness report and ranked 6<sup>th</sup> globally in 2010 in attracting FDI in the same report. This FDI is concentrated in a few sectors of the economy, namely the hydrocarbon industry, vehicle manufacture, copper mining, petro-chemicals, foods and pharmaceuticals. Iran has the will, what it lacks, at present, due to sanctions and a history of poor diplomacy, is access to markets and trading and diplomatic partners. An exception here is China, though to a lesser extent the same could be said of Russia, which also, at times, promotes positive relations with the Islamic republic.

### **Shared interests as pre-requisites for greater development**

The nature of the relationship between the PRC and the IRI has been the source of much debate within the academic and security arenas, specifically in relation to regional and international impacts (Shariatinia, 2010:1). Whilst some of this is influenced by the residual concerns spawned from the China Threat theory, much is more greatly influenced by the status of Iran as a pariah, or rogue, state. A considerable amount of this discourse is framed within external perceptions, within the impact, expectations and concerns of third parties, rather than pursuing a greater understanding of the relationship itself. Once such example of this preoccupation with impact over construction is the idea of there being the pursuit of a strategic relationship. In traditional security terms a strategic relationship is the alliance, or coalition, of powers against a common enemy or threat (Kay, 2015:185). In the contemporary era the foreign policies of these two states, whilst underpinned by common driving factors are actually quite different. They have specific, if not divergent, then, mutually dis-effective, international and foreign policy interests. Iran has been developing its nuclear programme, much to the discomfort and protestation of the dominant powers that are the USA and Europe (Patrikarakos, 2012:). China's response to this has been to call for the creation of dialogue over sanctions, of peaceful resolution (Farrar-Welman and Frasco, 2010). Despite seeking to veto sanctions when possible, China has also voted in favour of them under international pressure (UNSC/9948). This again does not fit with a traditional strategic alliance.

What is needed then is a more robust and comprehensive understanding of the specific nuances of the Iranian-Chinese relationship. The material base of interaction will first be addressed, this relates to interactions between the two based on trade, energy and mutual interest in strategy. Whilst, as stated above, in traditional security terms the two powers have not formed a strategic coalition, their relationship has been strategically constructed to fulfil specific interests and complement general aims, as will be discussed, pertaining to the 'one belt, one road' initiative. These concrete interactions will be referred to as the 'tangible' base of their relationship and will be discussed within the framework of international processes and developments, or international pressures, which will be shown to define and dictate its presentation and representation. Also necessary is an understanding of the tacit nature of this relationship and the rhetorical construction and maintenance of Iranian-Chinese relations



in the absence of a formal alliance and how these work to politicize rather than to securitize, PRC-IRI new silk road co-operation. The construction of concepts of a narrative of friendship, historical shared experiences and co-operation between the two powers which in turn constructs a condition of trust in the absence of formal, internationally binding agreements is important for the (re)development of a successful trading route.

### **The material base**

As of the latest statistics from the IRI, China is officially the biggest market for Iranian exports at 23.37%, with imports at 19.57% (ISNA, 2015). In the first 10 months of the current Iranian calendar bilateral trade in non-oil products reached a record 13 billion dollars. 7.3 billion of this was imports from China and 5.9 billion exports to China (see fig.1 for a list of these products). This makes The PRC-IRI trade a valuable and strategic concern for the former who is subject to extensive and crippling UN authorized sanctions due to suspicions regarding its developing nuclear program (Global Policy Forum, 2006). The injection of capital gained from bilateral trade agreements is vital also for the continued domestic legitimacy of the IRI which is struggling to maintain its growing urban population and skilled workforce (Amuzegar, 2014:20). This is also important for its regional power projection as an influential power which can offset the pressure of challenger states such as Saudi Arabia and Israel as well as competitor states such as Turkey. Parallel to this China is also able to corner a market not already dominated by western firms; developing a testing ground for low end manufactured goods and medium-technology machinery previously identified as low quality compared to western alternatives. Of all the non-oil goods the greatest market is that of automobiles with China being Iran's biggest net exporter of cars and car parts. Alongside this Iran can also be seen to be reliant on China for infrastructure development and maintenance – relying on imports for its rail and subway services as well as household goods such as TVs, computers and phones. An analysis of the import/export goods traded between the two states clearly shows that there is a trade disparity with China importing low cost valuables and exporting high value items, putting Iran at a disadvantage and within a dependant relationship on China as a source of infrastructure development with regard to vital societal goods and services (Shariatinia, 2015). The development of a greater non-oil trade between the two has been a keen interest of the IRI since 2011 when international sanctions began to shrink the latter's

economy and trade options. The diversification of trade goods, connected to this, is part of a wider societal legitimacy programme of job creation and development in Iran which suffers from a growing urban, educated and/or skilled youth workforce with few employment opportunities. China in contrast boasts both existing and developing ties with numerous countries in the Middle East and Asia as well as economic blocs such as the European Union (EU Trade, 2015). The need for such diversification in this respect then is a far less crucial, or political issue. The PRC does however need oil and oil-products, for which it is willing to adapt its trade preferences (Garver, 2006:279).

The one belt, one road initiative, for the IRI, is a development of these opportunities as it will not only encourage further co-operation and development with China but also the other members along the route. It provides a vital opportunity for the Islamic republic to create greater, more diversified trade and investment opportunities with Asian neighbours. This is a significant issue for Iran which, as a non-Arab, non-Sunni member of the MENA is an outsider and competitor in its direct region. Due to its pariah status and negative relations with the USA it also lacks access to European and American markets. Iran needs to develop, to modernize, and to globalize in order to both contribute to and benefit from, the global political economy. With the revival of the the Silk Road and reactivation of the nodes of interaction and co-operation, all eyes in Iran are on China, as its developer, as a back door, and post sanctions as a route, into the global economy and so an aid to Iran's return to pre-colonial status as a significant power and regional powerhouse.

### **Energy and oil fields**

In the energy sector the intricacies of Iranian-Chinese trade and so the political economy dimensions of their relationship are possibly most obvious. China is, as stated, a developing nation and one by-product of this is its insatiable need for energy as the world's second largest consumer of oil. With a growing GDP of 8-10% this consumption is only forecast to increase (Chinability, 2015). Of this it acquires the lion share of its needs from the IRI. That China is in need of such energy is well documented, as it develops so too do the expectations of its populace with regard to living standards, welfare, private transportation, gadgets and leisure activities. The increased demand for cars alone in China has increased as cycles are replaced – due in part to their greater affordability as a result of China's membership to the WTO (Luft,

2009). Iran in turn, less developed, has a rapidly growing population and poor infrastructure that has yet to recover from the Iran-Iraq war of the 1980's. Iran is also seeking to reduce its own reliance on its key natural resources which requires industrial development. Iran is also the owner of the second biggest oil and gas reserves in the MENA; due to UN and US sanctions however, customers are in short supply (Burman, 2009:120). As such there exists an oil for goods exchange between the two with the PRC paying for its energy quota through knowledge and technology transfers (Harold and Nader, 2012:22). Whilst there are an array of small, private, Chinese businesses in Iran, a significant amount of the Chinese companies present are connected to joint projects such as building and maintenance of oil refineries, transport systems, paper mills and telecommunications. Here we can see that energy commodities are tied, in the case of Iran, to societal needs and welfare.

China and Iran also co-operate on the development of Iran's numerous energy fields and so the capacity to access greater resources – for which the latter lacks the important know-how. Chinese national companies such as Sinopec, CNPC (Chinese National Petroleum Corporation) and CNOOC (Chinese National Off-shore Oil Corp) are some of the top firms with Iranian counterparts Nigec involved in the development of Iranian fields at Yadarvar, Masjid-e Suleiman and Kashan oil fields which produce a key income for Iran and key energy needs for China in a mutually beneficial trade relationship as China seeks to secure its access to these resources. In 2004, 2009 and 2011 Chinese state-run enterprises signed billion dollar (US) deals with Iran LNG for the exclusive right to extract and import oil and gas from the Yadavaran, north Azadegan and south Pars energy fields of the IRI. This interest in energy accumulation and access is also prevalent in, and key to, wider regional interests in the development of pipelines to compete with western and Russian sourced energy transportation lines across the region. One key proposal, is the line to connect China and Iran via Kazakhstan and Turkmenistan – cultural kin countries of the latter which it has used, in competition with Turkey, to develop ideological affiliations in the interests of boosting trade options in the post-Cold-War period (Paul, 2012). It should be noted however that such pipeline proposals are all too often 'proposals only' due to wider international pressures from extra-regional powers who currently hold the monopoly on energy transportation, such as Russia, and regional politics relating to co-operative agreements required from all parties to the pipeline and their own foreign and diplomacy political interests. Such endeavours have

the emphasis of non-disrupted transportation of Iranian oil to Chinese markets rather than a regional initiative for greater interdependence and so peace and stability, however the latter narrative is used to sell the co-operative efforts of the two powers. For China it is also important to consider the fact that all of its oil imports, regardless of seller, have to pass through potential maritime choke points such as the straits of Hormuz. As such the issue of energy is not just a trade or development concern for China and its trade partners but also one of regional security and, contingent to this, stability. The One Belt, One Road initiative in this respect, combined with the developments of the P5+1 talks which look to resolve Iran's nuclear issues, provide a vital opportunity for greater energy exportation and so national income, opening Iranian markets to external forces and aiding job creation which is vital for its large unemployed sector.

### **Military and technological transfer**

A less publicised but highly speculated over, at the international level, facet of IRI-PRC trade relations concerns military co-operation and technological transfer. Connected to security and stability, the above identified energy agreements between the IRI and China for the latter's exclusive rights to the energy fields was, in part, agreed to by the former in exchange for China's commitment to ensure their security. Whilst a formal alliance was not created China, under the latter deal in 2011, committed to the security of these fields as part of its national interest (Dorraj & Currier, 2008). This in part may be seen as strategic move by the IRI who has already been the victim of a US underpinned cyber-attack on its nuclear power plant (Langer, 2013:5) and is sensitive to Israeli rhetoric of cold war and calls for international military strikes. A significant degree of military interaction then does overlap with the above discussed energy sector in relation to the acquisition of nuclear technology, however this also comes into the domestic and regional arenas with the development of oil fields as well as propositions of energy pipelines involving third party states such as Turkey and Pakistan. Military co-operation and exchange is also of key concern as well a safe passage through the Hormuz canal. In the technological transfer arena. The PRC has provided assistance to Iran in the form of training and technical support. It has shared technology and maintenance information on missile construction and development which includes the building of a missile factory.

There has also been collaboration on the development of surface to air missiles, fast track missiles, radar systems and combat aircraft. In the 1980's and 1990's China used a black knight, in the form of North Korea (Hinckley, 1990), to assist in this transfer in an attempt to ward off US and European scrutiny of its military trade. Iran also used them to ensure its control of the straits of Hormuz though co-operating can be traced further back to the first Gulf War in which China supplied weapons to both parties to the conflict. Though this military co-operation did decline significantly from the late 1990s onwards, it did not disappear altogether. In the contemporary era the biggest bone of contention for external powers is whether China, or Chinese companies, are selling nuclear weapons technology to Iran. Whilst it is no secret that Iran is developing nuclear energy capabilities, as part of a long running domestic policy that can be traced back to the pre-theocratic governance of the Shah, there is much speculation as to whether this is weapons grade technology. Nuclear co-operation between the two powers began, formally, in the 1980's with China's agreement to provide 4 nuclear reactors and to help build a 4<sup>th</sup> research reactor at Bushehr.

Co-operation of weapons grade technology officially ceased in the early 1990's when a covert agreement was discovered and so international pressure applied to China to withdraw (Delpech, 2006). However, suspicions of continued covert assistance abound. Iran, an original signatory of the NPT, is adamant that its nuclear development is for peaceful, domestic purposes only, to reduce its dependence on its oil revenues and for which it has to export crude oil and import refined oil (Leyne, 2010). It is also, the government states, a factor in its development program, if Iran is to become a developed country it must curb its reliance on its primary energy source and harness 'developed' technologies. China, parallel to this is, as stated, a developing state, and as a growing and significant power, has normative commitments to fulfil the role of a responsible power (Swaine, 2010:3). This is tied in with its regional policies in Asia to avoid neighbourhood fears and mistrust vis-a-vis its rise and influence but also internationally in line with its relations with the USA and Europe. China is adamant that it is not assisting in Iranian development of nuclear weapons capabilities. It is also vocal in its support of the right of Iran, and any other state for that matter, to develop nuclear energy (Gentry, 2005:118). This support is articulated in relation to its anti-hegemonic constitution which sets multi-polar regionalism above hegemonic dominance and external actor influence on domestic policies and interests.

Official discourse states confidence in Iranian transparency and statements of peace which have seen China veto, when possible, UN recommendations for further and more progressive sanctions on the IRI. China instead, in line with its harmonious rise strapline and growing power has called for the 'nuclear' issue with Iran to be addressed through the development of diplomacy and dialogue (Gentry, 2005:119). This appears, in the contemporary era to have been a coup de grace for the rising power as it has been instrumental in bringing the parties to the tensions to the table and mediating between them during the present, unrepresented talks and agreements currently taking place amid a positive environment as agreements and points of compromise are being identified (Scott, 2015). This move not only give kudos to China's diplomatic skills but is potentially of significant economic benefit as an unsanctioned Iran creates greater trade and exchange opportunities between the two as well as a greater sense of regional peace and stability with regard to the commitment of officially binding international agreements between Iran and the dominant western world. It also eases pressure on China to explain its bilateral relations with Iran.

### **Regional Co-operation**

Additional regional interests centre around terrorism and so physical and ideological security but also, and arguably predominantly, economic security. The SCO is a Eurasian regional organization, created in 1996 between China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan. It is based on a treaty of deepening military trust and thus reducing the influence of liberal democracies in the member states (Summers, 2015). The SCO is underpinned by the commitment to non-intervention in domestic affairs and so safeguarding sovereignty, territory and domestic stability and so good neighbourliness and friendly co-operation (Summers, 2015). Over time this organization has grown in aim and scope, with the construction and promotion of regional programmes relating to key infrastructure systems such as transportation, telecoms, energy, security and banking. This is an Asia regional organization which is set up not so much to resolve disputes but rather to promote co-operation between members and so enhance development ambitions and trade relations and, above all, to safe guard security. The main security concerns identified are separatism, extremism and terrorism, the latter of which including drug-trafficking. Considering its proximity to the MENA and the predominance of Muslim communities this has gained much

weight in the post 9/11 era, though the organization is careful not to transform into a military bloc, concentrating on energy projects.

Iran, in 2007, was invited as a dialogue partner to the SCO and in 2016 may be set to achieve full member status, dependant on the current nuclear negotiations (Almeidi, 2015). This has given the IRI a greater pro-active presence in the central Asian region which provides opportunities with regard to energy projects and also wider non-oil trade potentials. This, along with the 'One Belt, One Road' initiative, fits with Iran's foreign policy commitments to increase regional alliances and collective security. It is also attractive to Iran with regard to its potential ability to sway political power and exert influence internationally, an important factor for the IRI and its pariah status vis-a-vis western powers and organizations (Saremi, 2015). In line with economic co-operation the SCO has also launched an initiative for a new banking system to offset the dominance of the current international banking system and so create new areas of economic growth and political influence. The Asia Infrastructure Investment Bank (AIIB), currently in the process of being constructed with its base in Beijing, has Both China and Iran as two of its 35 founding members (Shaoxian, 2015).

The involvement of Iran in the new Silk Road endeavour is both geo-strategic and political. It is true that Iran's main security concerns lay within its immediate vicinity, however due to the impacts and pervasiveness of globalization and international trade, economic progress and security are highly interdependent. Iran's role in the AIIB is also part of its wider commitments to improving its international image – assisted also by current nuclear negotiations. This also has a domestic influence with regard to Iranian society which is suffering from sanctions and the rise of the youth generation which do not remember, first hand, the Iranian revolution or previous external interventions (Ortega, 2015) and so, aided by greater technological and telecommunications access are ever more conscious of disparities between themselves and other, modern and developing societies. The new Silk Road, the SCO and the AIIB can be seen as a forum for the pooling of funds to invest in infrastructure projects for poorer countries. In this way it is similar to the world bank and IMF, though without the structural adjustment stipulations that are deemed unfair and progress-stifling (Young, 1970).

## **Conclusion**

The one belt one road initiative launched by China, it can be argued can reveal much of China's evolving role as a major power and its development of a more proactive foreign policy in place of its previous defensive and cautious policies. The nuances of such developments, and the extent to which they are able to develop understandings of the PRC and its ambition however are beyond the remit of this paper. What has been of interest here is the PRC-IRI dynamic, with emphasis on the latter. The Islamic Republic, and indeed China, construct, through rhetoric and confidence building measures, a relationship marked by friendship, trust and co-operation (Joharchi, 2014). The driving force behind this, as discussed, are very real pragmatic material and economic interests. These centre on energy security, infrastructure and technological development and domestic and regional security issues (Garver). In light of the promotion of friendship the new Silk Road is not perceived by Iran as a threat, or viewed with suspicion. The construction of amenability and the lack of knowledge frameworks of past conflict enable the IRI to politicize the initiative, rather than to identify it as a security concern. In this respect the emphasis can be placed on the benefits, or potential benefits, that this politico-economic system can provide. Assessed from an Iranian standpoint, it is a promotion of democracy between nations and so in line with their anti-hegemonic constitution as it is a trading and investment route which offers an alternative to western dominated economic institutions such as the world bank and IMF. It is a route to the development of soft power through greater interaction and activity with the other nodes of the road. In pragmatic terms it is also a vital opportunity for the Islamic republic to develop and diversify economically. China, at present, holds the monopoly in the Iranian market, much of which is based on energy for information transfers and as such lacks the real economic injection that traditional trade can offer. Access to a greater array of trade partners and transportation routes as a vital node of the road put Iran in a strong position politically. It also builds towards its pragmatic foreign policy initiatives of developing diplomatic ties and improvement of its international image as a responsible and active regional power which is needed in order to promote development and expand its domestic legitimacy, to move away from its pariah status and return to its self-articulated pre-colonial glory.



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