



How to cite this article:

Davari, M., Abolfazli Karezi, H., & Salehi Farsani, A. (2027). Dynamics of Iran–China Energy Relations and Their Reflection in Beijing's Middle East Strategy, with Emphasis on the 25-Year Comprehensive Strategic Agreement (2008–2021). *Journal of Historical Research, Law and Policy*, 5(6), 1-19. <https://doi.org/10.61838/jhrp.429>



Article history:
Original Research

Dates:

Submission Date: 20 May 2026

Revision Date: 17 August 2026

Acceptance Date: 26 August 2026

First Publication Date: 05 October 2026

Final Publication Date: 01 November 2027

Dynamics of Iran–China Energy Relations and Their Reflection in Beijing's Middle East Strategy, with Emphasis on the 25-Year Comprehensive Strategic Agreement (2008–2021)

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ABSTRACT

This study examines the dynamics of energy relations between the Islamic Republic of Iran and the People's Republic of China and their reflection in Beijing's Middle East strategy during the period from 2008 to 2021. In recent decades, China's growing energy demand and its efforts to diversify its energy supply sources have transformed the Middle East into one of the principal focal points of Beijing's energy policy and economic engagement. Within this framework, Iran, as one of the major holders of hydrocarbon resources, has assumed a significant position in energy-oriented interactions between the two countries. Employing a descriptive–analytical method and drawing on data concerning trends in China's energy consumption and imports, the present study examines the dimensions of energy cooperation between Iran and China and its impact on Iran's position within China's regional policy. The findings indicate that energy relations have played an important role in shaping and expanding economic interactions between the two countries and have created opportunities for the development of long-term cooperation. In this context, the emergence of frameworks such as the Iran–China 25-Year Comprehensive Strategic Agreement can also be analyzed within the broader setting of these economic and energy-centered interactions. Furthermore, trends related to energy security and China's policy of diversifying its energy supply sources have contributed to Iran's considerable position in certain energy-related dimensions of Beijing's Middle East calculations. Overall, the findings demonstrate that energy cooperation, as one of the most significant dimensions of Iran–China relations, plays a considerable role in explaining Iran's position within Beijing's regional approach.

Keywords: *energy relations, Iran and China, energy security, China's Middle East policy, Comprehensive Strategic Agreement.*

Introduction

The recent eastward orientation in the foreign policy of the Islamic Republic of Iran has emerged less as the outcome of a coherent strategy based on long-term planning than as a response to the intensification of international sanctions and economic constraints. Increasing external pressures and diminishing opportunities for engagement with Western countries have prompted Iran to make greater use of the potential for cooperation with Asian powers.



One of the important functions of this trend has been the effort to limit Western political and economic influence over the country's decision-making structure. In this context, China, owing to its growing position in the international economy and politics, has become one of the principal destinations of this orientation.

At the same time, the position of the Middle East within China's grand strategy has also undergone transformation. Whereas Beijing had previously placed the region at the margins of its security and economic priorities, rapid economic growth, increasing dependence on imported energy, and the expansion of the Belt and Road Initiative have enhanced the importance of the Middle East in China's national security calculations. Nevertheless, Beijing continues to seek to avoid direct involvement in Middle Eastern security conflicts in order, on the one hand, to avoid becoming entangled in the region's complex geopolitical rivalries and, on the other, to preserve its position as a power maintaining balanced relations with different actors.

Furthermore, the role of energy as one of the principal pillars of the global economy and a factor shaping interactions among major powers has increased, particularly since the 2010s. China's sustained economic growth has transformed the country into the world's largest energy importer and has made access to stable and reliable sources of supply a security concern. China's relatively late entry into the competitive Persian Gulf oil market, together with the strong presence of Western powers across much of this market, has compelled Beijing to diversify its energy sources and develop relations with actors outside the sphere of United States influence.

Within this framework, the Islamic Republic of Iran, because of its vast oil and gas reserves as well as the distinctive circumstances created by multilateral sanctions, has become an important and relatively reliable option for enhancing China's energy security. The growing energy-oriented rapprochement between Tehran and Beijing in recent years, alongside expanding economic cooperation, has led some analysts to raise concerns that increased interaction between the two countries could strengthen China's strategic weight in the Middle East and have implications for the position of the United States in the region. The long-term Iran–China 25-Year Cooperation Plan, which has been described in some reports as involving USD 400 billion, is likewise among the developments that have attracted the attention of U.S. policymakers, although independent assessments continue to debate the feasibility and practical basis of such figures.

Alongside these developments, the expansion of China's geopolitical presence around the Middle East, including the establishment of a logistics base in Djibouti, indicates Beijing's willingness to assume a more prominent role in managing energy security and maritime trade routes. Through the expansion of economic relations and the strengthening of its mediating role in regional crises, China seeks to present itself as a balancing actor with the capacity to contribute to conflict resolution. Over the long term, this could challenge the position of the United States and its allies and thereby contribute to broader geopolitical competition.

Given that more than 70% of the world's energy resources are concentrated in the Persian Gulf region, China's relatively limited naval power, and the growing dependence of the Chinese economy on imported energy, energy security has become one of the core elements of Beijing's Middle East policy. This strategic necessity has, over recent decades, moved China from a stage of "peripheral presence" toward a "structured and purposeful presence" in the Middle Eastern energy economy. Nevertheless, U.S. control over major energy transit routes and competition from Asian and European actors continue to impose constraints on China's prospects.

Under these conditions, Iran may acquire a distinctive position within China's long-term strategy to diversify its energy sources and reduce vulnerabilities arising from dependence on routes subject to Western control. Growing cooperation between Tehran and Beijing can not only satisfy part of China's energy requirements but also provide

Iran with opportunities to mitigate pressures resulting from sanctions and strengthen its economic relations at both regional and transregional levels. Accordingly, examining Iran–China energy relations and analyzing Iran’s position within Beijing’s strategic outlook toward the Middle East is important not only from the perspective of Iranian foreign policy but also for understanding emerging trends in the regional and global order.

A review of the literature indicates that studies on Iran–China relations and China’s Middle East policy can generally be classified into three major categories. First are studies that have examined the historical and structural dimensions of Iran–China relations and analyzed these relations within the broader framework of interactions among major powers. These studies indicate that relations between Tehran and Beijing have, at various junctures, been shaped by developments in the international system and particularly by China–United States relations (1, 2).

Second are studies addressing the transformation of Chinese foreign policy and the instruments of Chinese power. These studies emphasize the shift in China’s power strategy from reliance exclusively on hard power toward a combination of hard and soft power within the framework of “smart power.” Such an approach has enabled China to expand its economic and diplomatic presence in different regions of the world, including the Middle East, while strengthening its influence and international position (2-4).

Third, a substantial portion of the literature has focused on the importance of Middle Eastern energy in China’s global strategy. Within this framework, the increasing dependence of the Chinese economy on energy imports has encouraged Beijing to develop economic and energy-centered relations with oil- and gas-producing countries in the Middle East. Existing studies indicate that energy security and diversification of supply sources are among the most important drivers of China’s growing presence in the region (5-8).

Despite the importance and scholarly value of these studies, a review of the existing literature indicates that most research has either concentrated on general analyses of Chinese foreign policy and its grand strategies or examined bilateral Iran–China relations in broad terms. Consequently, systematic analysis of Iran–China energy relations within a defined temporal framework and examination of the impact of these relations on Iran’s position in China’s Middle East policy have received comparatively limited attention.

Moreover, many previous studies have not examined in an integrated manner the effects of important variables such as the intensification of U.S. sanctions against Iran, the escalation of geopolitical competition between China and the United States, and the expansion of the Belt and Road Initiative on the trajectory of Iran–China energy cooperation. Yet these developments have played a significant role in recent years in shaping the foreign-policy orientations of both countries and deepening their economic and energy-centered cooperation (8, 9).

Accordingly, it can be argued that the existing literature contains a significant research gap regarding the nexus between Iran–China energy relations and Iran’s position in Beijing’s Middle East strategy within a specific temporal framework. The present study seeks to address this gap by focusing on the period from 2008 to 2021 and considering variables such as U.S. sanctions, China’s growing need for energy security, and regional geopolitical developments in order to explain bilateral energy relations and their implications for Iran’s position in China’s Middle East policy.

Based on the foregoing discussion, the principal objective of this study is to examine the reciprocal energy relations between Iran and China during the period from 2008 to 2021, the geopolitical and strategic variables underlying these relations, and their impact on Iran’s position in China’s Middle East policy.

Theoretical Framework

The theoretical framework of the present study is based on a combination of Waltzian neorealism and the security approach of the Copenhagen School. Neorealism explains the broader structural context and the logic of power and survival, whereas the Copenhagen School makes possible a multidimensional analysis of security and the role of energy in redefining Iran's position in China's Middle East policy. This theoretical combination enables the study to consider both the structural imperatives of the international system and the discursive and sectoral dynamics of security in explaining Iran–China energy relations.

Neorealist Theory

Neorealism, as one of the most important structural approaches in international relations, seeks to explain state behavior not on the basis of individual motivations or domestic characteristics but within the framework of the “structure of the international system.” In this approach, the logic of power, survival, and competition constitutes the basis for analyzing states' foreign policies.

Neorealists rely on a set of fundamental assumptions regarding the nature of states and the international system. John Mearsheimer identifies five key assumptions explaining why states seek power:

1. Great powers are the principal actors in the international system, and the international system is inherently anarchic.
2. All states possess some form of offensive capability, primarily military capability.
3. No state can ever be completely certain of the true intentions of other states.
4. The primary goal of all states is “survival.”
5. States are rational actors that adopt calculated strategies to maximize their security and survival (10).

Accordingly, competition for power is not merely unavoidable but is a natural product of the anarchic structure of the international system. In such an environment, even cooperative interactions among states are ultimately governed by the rational logic of “reducing vulnerability” and “balancing against threats.”

Structure in Waltz's Theory

Kenneth Waltz, the founder of neorealism, highlights three components in defining the structure of the international system:

Ordering Principle

The international system lacks a central authority. Although anarchy does not mean chaos, unlike the hierarchical structure of domestic politics, the international order is “horizontal,” decentralized, and based on interactions among formally equivalent units (11).

Similar Functions of Units

Unlike domestic systems, in which institutions perform different and specifically defined functions, all states in the international system essentially perform similar functions: survival, security, and preservation of territorial integrity.

Distribution of Capabilities

What differentiates states from one another is the relative distribution of power and capabilities. It is this distribution that shapes the structure of the international system and constrains or directs state behavior (12).

According to Waltz, these characteristics allow the international system to be examined as an “independent level of analysis” distinct from domestic and individual factors. The purpose of this distinction is to provide a rational framework for understanding how structure can constrain and direct the behavior of political units.

Balance of Power from a Neorealist Perspective

One of the most fundamental concepts in neorealism is the balance of power. Unlike Morgenthau, who regarded the balance of power as the product of deliberate political interactions among states, neorealists maintain that the “structure of the system” compels states to engage in balancing, even when such behavior is not explicitly intended at the level of political decision-making (11).

In the Logic of Neorealism

States are naturally driven toward “balancing” in order to prevent the domination of a major power.

Whenever one state adopts a successful strategy, other states tend to emulate that strategy and adjust their behavior accordingly.

Units that fail to adapt to the structural logic of the balance of power are “marginalized” or incur substantial security costs.

From this perspective, Iran–China energy cooperation can be explained not merely as an economic interaction but as part of the structural logic of “reducing vulnerability” and “balancing against pressure from dominant powers,” particularly given the role of the United States as a dominant power exerting pressure on both actors.

The Copenhagen School is one of the most influential contemporary approaches in security studies. Moving beyond a traditional and exclusively military-centered understanding of security, it offers a multidimensional, historically grounded, and realistic conception of security in the international system. Its most prominent theorists include Barry Buzan, Ole Wæver, and Jaap de Wilde, with Buzan playing a particularly important role in systematizing the theory and developing a comprehensive framework for security analysis (13).

A distinctive feature of this school is its analysis of security through a set of “sectors” and “levels.” In other words, security is not confined to the military sector but also encompasses political, economic, societal, and environmental dimensions. This transition from hard security toward multidimensional security reflects both the complexities of the contemporary world and an effort to provide a more realistic account of the factors shaping stability and instability at the regional and global levels.

Levels of Analysis in the Copenhagen School

Buzan examines security through the following three levels of analysis:

1. **Individual level:** threats associated with the existence and security of the individual human being.
2. **Regional level:** the surrounding environment of states, which largely determines “regional security complexes.”

3. **International or global level:** the anarchic structure of the international system and the distribution of power among major actors.

The security of political units can be understood only when these three levels are analyzed in relation to one another, because the national security of a state does not emerge in isolation and is highly dependent on both its “surrounding environment” and the “international system.”

The Concept of the “Security Environment” and the Importance of Threat

From Buzan's perspective, the “security environment” consists of a set of geopolitical, structural, strategic, and perceptual factors that shape the security of states. Analysis of this environment is impossible without considering the following:

- the geography and strategic location of states;
- the distribution of power and capabilities among countries;
- patterns of reciprocal action and reaction;
- the level of suspicion or trust among units;
- military technologies and deterrence capabilities (13).

Walt likewise emphasizes that security cannot be understood without “perceptions of threats” and the mechanism of the “balance of threat” (14). From this perspective, state behavior is shaped in response to perceived threats rather than solely by abstract or normative principles.

Accordingly, no state or political unit can define its security independently of other actors within the security environment. A state's security depends on continuing interactions, reciprocal perceptions of threats, and the degree of trust or distrust among members of the security complex.

Anarchy and the Structure of International Security

Like realists, Buzan regards anarchy as a fundamental characteristic of the international system. Unlike traditional realism, however, he considers anarchy to be evident not only in the military dimension but across all sectors of security.

Within this structure:

- the independence of states is enduring and cannot be revoked;
- global power is distributed unequally among states;
- attempts to establish a central global authority, such as the League of Nations and the United Nations, have failed.

The absence of binding institutions leads states to define security in terms of competition, balancing, and mutual distrust. Under such circumstances, each state seeks to reduce its vulnerability and increase its deterrent capacity through continuous assessment of the behavior and capabilities of others (13, 14).

The State as the Principal Producer of Security

Although the Copenhagen School emphasizes the nonmilitary dimensions of security, it nevertheless maintains that the state remains the principal provider of security in the international system. According to Buzan:

- states are responsible for protecting their territory and citizens;

- the provision of security requires both hard and soft power;
- suspicion regarding the intentions of other actors drives states toward competition;
- and the absence of a stable international order compels states to engage in continuous balancing and competition (13).

Consequently, from the perspective of this school, security is a “relational” rather than an “absolute” phenomenon. The security of one state is interconnected with that of others and is shaped by regional and global dynamics.

Balance of Threat: Linking Security and Perception

One of the central concepts relevant to this approach is the “balance of threat.” This concept explains that states seek not only to balance power but also to balance “perceived threats.” Within this framework, threat results from a combination of factors:

- geographical proximity;
- military and economic capabilities;
- intentions and previous behavior;
- capacity for intervention or influence;
- ideology and identity patterns.

Thus, security and insecurity are shaped not only by material power but also by states’ “subjective perceptions” of the intentions of others. If these perceptions are hostile, arms balancing intensifies and the competitive environment becomes more pronounced; conversely, if trust within the security environment increases, security costs decline and regional cooperation becomes more feasible (14).

Energy security, as one of the key concepts in the literature of international political economy, has undergone fundamental transformations over the past five decades. The oil shocks of 1973, 1979, and 2007 brought the importance of stable, reliable, and affordable access to energy resources to the center of governmental attention to an unprecedented degree. The consequences of these shocks led industrialized countries to adopt a range of long-term policies concerning consumption, diversification, and energy-risk management in order to prevent a recurrence of such crises.

In response to these crises, institutions such as the International Energy Agency were established, while countries began creating strategic reserves, reforming consumption patterns, developing alternative energy sources, and geographically diversifying imports. The primary purpose of these measures was to reduce dependence on OPEC oil imports, keep energy-supply costs low, and prevent the re-emergence of structural disruptions in the global energy market (15).

The financial and economic shock of 2007, which caused an exceptional increase in oil and energy-carrier prices, revealed another dimension of the vulnerability of the global energy system. Given the close interrelationship between oil and other energy carriers, fluctuations in the oil market rapidly affected the entire energy mix and further highlighted the importance of supply security and demand management.

Energy Security in Asia and China's Position

In Asia, China, alongside Japan, South Korea, and Taiwan, is among the largest consumers and importers of energy, particularly liquefied natural gas (LNG), with more than 70% of global imports of this energy carrier being consumed in the region. China's rapid economic growth and extensive energy requirements have compelled it to establish a diversified chain of energy suppliers, including Indonesia, Malaysia, Australia, and Qatar (16).

Nevertheless, China's energy strategy extends beyond merely securing the resources it requires. Beijing seeks to consolidate its influence over consumer markets and the energy resources of neighboring territories, such as Taiwan, as well as over critical energy transportation routes extending from East Asia to the Persian Gulf. This policy forms part of a broader geopolitical competition between China and the United States over control of global energy resources and arteries. From the perspective of Chinese elites, this competition has a zero-sum character: every Chinese gain in the energy sphere is viewed, in some sense, as a reduction in U.S. power and influence (4).

China also pursues intense energy competition with other Asian countries, including India, Japan, and South Korea, in strategic regions such as the Persian Gulf, Central Asia, the Caspian Sea, Africa, and Australia (17, 18). This competition has not only increased the level of energy demand but has also further complicated the regional security structure.

Limitations of China's Domestic Resources and Increasing Import Dependence

According to estimates by the U.S. Energy Information Administration, China's energy demand is expected to increase exponentially in the coming years. Chinese oil consumption is projected to rise from approximately 6.3 million barrels per day to more than 13 million barrels per day by 2025, while the country's share of global energy demand is expected to exceed one-third (19).

Despite its substantial coal reserves, China's domestic resources are unable to accommodate this rapidly increasing demand. China's proven oil reserves are estimated at approximately 20 billion barrels and, at current consumption rates, would be sufficient for only about 15 years. This structural limitation has made China the world's third-largest oil importer, with approximately 76% of its oil and 52% of its gas requirements being supplied from abroad (18).

Forecasts indicate that the share of natural gas in China's energy mix will rise from 3% to more than 10%, but domestic reserves will be insufficient to satisfy this demand. China's dependence on Middle Eastern and Central Asian energy resources is therefore not merely an economic choice but a strategic necessity for ensuring economic growth and domestic stability.

China's Energy Security and Geopolitical Competition with the United States

One of the fundamental dimensions of China's energy security is concern over "geopolitical vulnerability," particularly vulnerability arising from heavy reliance on maritime routes influenced by the United States. Energy transportation routes extending from the South China Sea through the Strait of Malacca and onward to the Indian Ocean and the Persian Gulf are largely situated under the influence and naval reach of the United States.

Within the framework of neorealism, China is concerned that the United States may exploit this "relative advantage" in the energy sphere to exert political, economic, or security pressure on Beijing (20). This concern

forms part of China's broader strategy of diversifying energy transportation routes, establishing overland pipelines from Central Asia, strengthening its naval capabilities, and expanding its economic presence in the Middle East.

The Role of the Middle East in China's Energy Security

From a strategic perspective, the Middle East is a vital region for China because a substantial proportion of Chinese oil imports originates from countries in this region. Historically, however, the Middle East has been dominated by Western powers, particularly the United States.

In the post-Cold War period, the U.S. presence in Iraq, the establishment of extensive military bases in the Persian Gulf, and policies designed to contain regional actors created a power structure in which China occupied a peripheral position in the Middle East (21).

Nevertheless, China's growing need for energy has led Beijing, within the framework of its strategic competition with the United States, to seek to consolidate its position in the region, although it continues to acknowledge U.S. military superiority and avoids direct confrontation.

China's Energy Policy in the Middle East

In pursuit of energy security, China has undertaken a broad range of economic, diplomatic, and commercial measures in the Middle East. These include:

- concluding long-term oil and gas supply contracts;
- investing in upstream and downstream energy projects;
- providing credit packages, loans, and financial support to producing countries;
- creating interdependence through trade, investment, and industrial partnerships;
- strengthening diplomatic relations to establish a stable environment conducive to cooperation.

Unlike U.S. and European companies, which often seek shorter-term returns, Chinese energy companies, supported by the state, are able to pursue longer-term strategies in the upstream oil and gas sectors. Consequently, Chinese companies have established an active presence in Yemen, Syria, Oman, Qatar, the United Arab Emirates, and particularly the region's three major countries—Iran, Saudi Arabia, and Qatar.

Iran's Position in China's Regional Policies and the Challenges It Faces

Unlike many Western powers, China has no history of colonizing the countries of the region and has, in recent decades, sought to project the image of a non-interventionist and development-oriented power. This characteristic has functioned as a form of "symbolic capital" in the Middle Eastern environment and has facilitated the expansion of China's international influence and the strengthening of components of its national power. In practice, China's indifference to domestic political changes within regional countries and its reluctance to intervene in their internal affairs have enabled Beijing to pursue a policy of "balancing relations" amid the chronic instability of the Middle East without incurring substantial security costs (8).

China's Strategic Need for Energy

One of the most important drivers of Chinese foreign policy in the Middle East is the growing dependence of its economy on energy. According to developmental analyses, the early stages of economic growth are often

accompanied by a substantial increase in energy consumption. Griffin similarly notes that the faster the rate of economic growth, the more rapidly energy consumption increases (22).

This relationship is particularly pronounced in China because the legitimacy of the Chinese Communist Party is directly linked to sustained economic growth and improvements in the population's relative welfare. Energy is therefore regarded not merely as a consumer commodity but as a vital component for maintaining the stability of the political system and sustaining economic development. In this sense, "energy is the engine of China's national development" (23).

Until recent years, China was the world's largest consumer of coal. International pressures associated with climate change, however, have encouraged the country to move away from coal toward oil and gas. This policy shift has naturally increased Chinese demand for liquid energy resources. At present, approximately 85% of China's imported energy passes through geopolitically insecure routes such as the Suez Canal and the Straits of Malacca and Hormuz; any disruption along these routes could pose significant challenges to the Chinese economy. Meanwhile, China's energy consumption has increased more than 37-fold compared with previous decades, indicating the country's high vulnerability to fluctuations in energy supply.

It can therefore be argued that the Chinese economy's substantial energy requirements constitute the most important driver of its regional-policy orientation toward Iran. China's increasing dependence on global energy markets has made policymakers more sensitive than before to the security of energy supply. At the same time, limited domestic resources and insufficient energy-production infrastructure have intensified the country's need for imports. These factors have made energy security one of the principal priorities of Beijing's foreign policy (5).

The Importance of Iranian Oil and Gas in China's Energy Strategy

Most economic analysts maintain that the world will continue to require Persian Gulf oil and that, among the countries of the region, Iran possesses some of the largest proven reserves of oil and natural gas. Major powers, particularly China, therefore regard Iran as a potentially vital source of energy supply (5).

China is more dependent than many other major powers on Persian Gulf energy resources. In 2020, approximately 70% of China's oil imports were supplied from the Persian Gulf, increasing this dependence and making Beijing more sensitive to geopolitical developments in the region.

Under these conditions, China pursues three energy-oriented strategies in the Middle East, with Iran occupying a strategic position in all three:

1. **Assertive energy diplomacy with countries capable of guaranteeing long-term energy supply.** Through the development of infrastructure connectivity and strategic cooperation, China seeks to consolidate a long-term partnership with Iran.
2. **Investment by Chinese oil companies in the development of Iranian oil and gas fields** in order to establish a sustained presence throughout the energy-production chain.
3. **Encouraging Persian Gulf oil companies to participate in Chinese refineries and the Chinese energy market** in order to diversify supply channels and facilitate access to the domestic market (20).

The combination of these three strategies demonstrates that, in China's energy equation, Iran is not merely an ordinary partner but a geopolitical and strategic option, particularly under conditions in which U.S. pressure has strengthened the role of China–Iran cooperation as a "parallel and resilient" channel against Western geopolitical pressure (6, 8).

Global economic and political developments over the past two decades, particularly the 2008 financial crisis in the West and the far-reaching consequences of the COVID-19 pandemic, have produced a significant shift in the international balance of power. On the one hand, these trends have weakened the national and international power of the United States; on the other, they have facilitated the emergence of rising powers, including China, Russia, India, and Brazil. According to the hierarchical logic of realist theories, a decline in the relative power of one major state naturally creates opportunities for the relative power of other actors to increase. This process has contributed to the emergence of a new form of multilateralism and, even under the Biden administration, has produced a trajectory distinct from the earlier period of U.S. unipolarity.

Within this framework, the geopolitical importance of the Middle East for the United States has declined. The U.S. withdrawal from Afghanistan represents a prominent example of this changing approach, indicating that Washington's strategic priority in recent years has shifted away from "nation-building in peripheral regions" toward rebuilding the domestic economy and reducing external expenditures, particularly under conditions in which successive financial crises, budget deficits, and political polarization have constrained U.S. capacity to sustain costly regional commitments.

Declining U.S. Energy Dependence on the Middle East

One important factor behind the declining importance of the region for Washington has been the increase in domestic U.S. oil and gas production, particularly through technological advances in shale-oil extraction. The development of these resources has sharply reduced U.S. dependence on Middle Eastern oil, directly weakening the strategic incentive for an extensive American presence in the region. In other words, as the United States itself has become one of the world's largest energy producers, "energy-supply security" no longer provides the same justification for an extensive military presence in the region (24).

This transformation has led many analysts to argue that the United States no longer possesses the same geoeconomic imperative for intervention in the oil-rich Middle East and may therefore adjust its foreign policy with greater freedom of action and a stronger focus on competition with powers such as China.

Financial Constraints and the Declining U.S. Capacity to Intervene in Regional Crises

The COVID-19 pandemic imposed additional pressure on the U.S. economy and brought the federal budget deficit to unprecedented levels. Under such circumstances, the capacity of the United States to provide extensive financial and economic assistance in response to Middle Eastern crises has become significantly constrained. Historical comparison indicates that, whereas the United States was able to allocate USD 13 billion to Europe under the Marshall Plan in 1948, providing assistance on a comparable scale in today's economic terms would require between USD 500 billion and USD 700 billion for countries such as Egypt, Tunisia, or Libya—an undertaking that is nearly impossible given current economic conditions. A notable example of this limitation was the United States' USD 1 billion assistance package to Egypt's new government in 2011, which was extremely modest relative to the region's needs (14).

In this context, Chas Freeman, former U.S. ambassador to Saudi Arabia, has observed that the United States "has lost much of its former influence" in many challenging regions, including the Middle East, because it is no longer able to bear the political and economic costs it once did (25).

Declining U.S. Geopolitical Incentives for a Heavy Regional Presence

With declining energy requirements and increasing domestic pressures, Washington has become less inclined toward direct intervention in complex regional crises—from Libya and Syria to Iraq. Many analysts argue that declining U.S. concern regarding Persian Gulf security may produce structural changes in the international system (24). From the perspective of some strategists, as long as a large-scale military presence lacks sufficient economic and security justification, continued expenditure in the region is unnecessary.

Consequently, in recent years the United States has sought to reduce its role to that of a supporting actor rather than a direct leader in crisis management, intervening more often through limited coalitions or NATO-centered arrangements.

U.S. Strategic Considerations: Reduced Dependence Versus Complete Withdrawal from the Region

Despite these developments, it would be simplistic to assume that the United States will completely withdraw from the Middle East. The region remains important for:

- the security of U.S. allies, such as Israel and the Gulf Cooperation Council states;
- the protection of maritime energy routes;
- and the containment of China's growing competition in the Middle East and North Africa.

In other words, Washington may have become less dependent on the region for energy, but the geopolitical function of the Middle East in great-power competition remains important to the United States. Accordingly, the form of the U.S. presence has changed, but its underlying presence is likely to continue.

China's Entry and the Transformation of Regional Geoeconomic Patterns

Alongside the relative decline in U.S. intervention, the expansion of China's geoeconomic influence into regions such as the Middle East and Africa—and early indications of its transformation into geopolitical influence—could reshape future relations and behavioral patterns among regional states. Initiatives such as Saudi Vision 2030, the Maritime Silk Road, and Chinese infrastructure cooperation with Iran and the United Arab Emirates may gradually move the regional security architecture away from its traditional U.S.-centered form toward a more multipolar structure.

The rapid growth of the Chinese economy over the past two decades has led to a substantial increase in domestic demand for energy, particularly crude oil. According to projections, China's daily crude-oil consumption will rise from 6.2 million barrels in 2004 to 13.1 million barrels in 2030, while imports will account for more than 72% of total Chinese energy consumption in the same year (6). This trend indicates that China's dependence on imported oil is persistent and increasing and is likely to continue in the coming decades.

Because many oil-producing countries are close allies of the United States, China has been compelled to seek strategic partners outside the U.S. sphere of influence in the Middle East and Asia in order to secure reliable energy supplies. This approach has made Beijing one of Washington's major competitors in the global energy market and has significantly increased Chinese foreign-policy activism toward oil-exporting countries. In cases such as China's extensive investment in Iran, Syria, and Sudan, this policy has come into direct conflict with U.S. energy strategies (6, 8).

At this stage, China's major oil companies—including CNPC, Sinopec, and CNOOC—are seeking long-term oil contracts throughout the world, but none of these contracts are comparable in importance and investment volume to those concluded with Middle Eastern countries. Although China has also sought access to Central Asian energy resources, geopolitical competition with Russia and infrastructural limitations have prevented full access to these resources. Overall, the Middle East supplies approximately 60% of China's imported oil, and this figure reached approximately 80% in 2010 (6).

Iran's Strategic Role in Supplying China's Energy

Iran occupies a distinctive and strategic position among Middle Eastern countries. On the one hand, its possession of the world's second-largest natural gas reserves and fourth-largest crude-oil reserves, and, on the other, its independent approach to the management and development of energy resources, have made it an actor with substantial potential for sustainable, long-term cooperation with China (26).

In recent years, alongside China's continued economic growth and an average growth rate exceeding 6% over the past two decades, Beijing's growing energy requirements have acquired new dimensions. Within this framework, Iran, with its long history of exploiting oil and gas resources and its substantial production capacity, represents one of China's most attractive energy partners. This is particularly significant because China's energy security has increasingly become dependent on guaranteeing a stable flow of imports, while Iran is one of the few countries not aligned with the West that possesses a reliable capacity to export energy to China (2).

According to official data, Iran has exported approximately 10–12 million tons of crude oil annually to China and, in many years, has ranked among the three leading oil exporters to the Chinese market. There is also potential for expanding these exports, and Iran has repeatedly stated its preference for China to remain one of the principal customers for Iranian oil. This could contribute to stabilizing long-term economic relations between the two parties.

In 2005, Iran ranked third among oil exporters to China and supplied approximately 14% of China's import requirements. Following the signing of a series of oil and energy agreements between the two countries, Iran's position in supplying China's energy became more firmly established, and the export trend continued in subsequent years (6, 8).

Statistical Tables on Iran–China Energy Relations

Table 1. Trends in China's Oil Consumption and Imports (Million Barrels per Day)

Year	Total Oil Consumption	Crude Oil Imports	Share of Imports in Consumption
2015	144.2	79.2	54.9%
2016	144.9	83.1	57.3%
2017	150.3	89.3	59.4%
2018	155.3	93.0	59.9%
2019	157.8	98.1	62.2%
2020	156.7	91.5	58.3%
2021	167.2	101.3	60.5%
2022	171.5	108.0	63.1%

Year	Total Oil Consumption	Crude Oil Imports	Share of Imports in Consumption
2023	174.6	110.6	63.3%

“Data on China’s oil consumption and imports were extracted from the annual reports of the International Energy Agency (IEA) and the BP Statistical Review of Energy. The figures in the table were compiled from the annual raw data reported by these sources and standardized in million barrels per day.”

Table 2. Iran’s Position in Oil Exports to China

Year	Iranian Oil Exports to China (Million Barrels per Day)	Iran’s Share of China’s Oil Imports (%)
2015	1.04	1.31%
2016	1.09	1.31%
2017	1.28	1.44%
2018	1.31	1.41%
2019	1.23	1.25%
2020	1.29	1.41%
2021	1.45	1.43%
2022	1.58	1.46%
2023	1.72	1.56%

“Information on oil exports by different countries to China and Iran’s position was compiled on the basis of data published by the IEA and BP. The shares of Iran and other exporters were calculated from China’s average annual imports and are presented as percentages and approximate volumes in million barrels per day.”

Analysis of the Iran–China 25-Year Strategic Agreement and Challenges to Its Implementation

As indicated in the research hypothesis, given the continuing tensions between Iran and Western countries and their consequences in the political and economic spheres, the Islamic Republic of Iran’s orientation toward developing relations with non-Western powers in the international system is understandable. Within this framework, expanding relations with China, as one of the world’s major economic and political powers, can create opportunities for enhancing Iran’s economic and diplomatic capacities. From this perspective, a more active Chinese presence in Middle Eastern affairs may be viewed as a factor contributing to greater diversification in Iran’s external relations and increasing Tehran’s diplomatic room for maneuver at the regional and international levels.

Among the potential consequences of such cooperation is the expansion of investment in various economic sectors, including oil, natural gas, petrochemicals, transportation, agriculture, and infrastructure industries. The development of cooperation may also contribute to modernizing certain industries, upgrading economic infrastructure, and expanding bilateral economic interaction. Within this framework, economic and energy cooperation between the two countries can simultaneously serve China’s energy requirements and support the development of Iran’s energy production and export capacities.

According to some estimates, Iran has a considerable number of unfinished economic and construction projects requiring substantial financial resources for completion. Under these circumstances, constraints resulting from sanctions and difficulties in attracting foreign investment have made cooperation with new economic partners, including China, an option worthy of consideration. Energy—particularly oil and natural gas—is among the most important potential areas of cooperation between the two countries.

Some reports indicate that, before the intensification of sanctions, Iranian oil accounted for approximately 6.5% of China's total oil imports. If energy cooperation and investment in related infrastructure were expanded, an increase in Iran's energy-production and export capacity would also be conceivable. Cooperation in refinery modernization, the development of oil and gas fields, and investment in energy infrastructure could likewise constitute part of the broader framework of bilateral economic cooperation.

Financial and banking cooperation is another area of importance in Iran–China economic relations. Establishing bilateral financial mechanisms, expanding trade based on national currencies, and strengthening banking cooperation could facilitate trade between the two countries. In recent years, China has become one of Iran's most important trading partners, and the volume of bilateral economic exchange has reached approximately USD 20 billion in some years. China is also among the principal suppliers of industrial goods, electrical equipment, and various products to the Iranian market.

Cooperation in transportation infrastructure is another important component of the long-term framework for Iran–China cooperation. Development of the railway network, electrification of certain railway lines, expansion of metro networks in major cities, and development of selected ports are among the areas that may be addressed within infrastructure initiatives. In this context, Iran's geographical location linking East Asia with West Asia and Europe has given the country a significant position in some regional projects associated with transportation networks and international trade.

Nevertheless, the practical implementation of this cooperation faces several challenges. One of the most significant obstacles to the development of Iran's economic relations with many countries is the set of constraints resulting from economic sanctions, which can affect foreign investment and financial cooperation. In addition, issues associated with the international financial system and the requirements of global financial institutions are among the factors that can affect the scope and pace of economic cooperation.

Broader developments in the international environment, including great-power competition and geopolitical transformations, can likewise affect regional and international cooperation. Within this framework, some analysts maintain that the long-term cooperation agreement between Iran and China could have consequences for the geopolitical equations of the Middle East (27).

At the official level, the Comprehensive Cooperation Plan between Iran and China was signed by the foreign ministers of the two countries on March 27, 2021. The document has a 25-year horizon and is formulated around principles such as mutual respect, shared interests, and the development of bilateral cooperation in various political, economic, cultural, and scientific fields. Nevertheless, the agreement has generated differing reactions domestically and internationally, and diverse views have been expressed regarding its dimensions and potential consequences.

Some analytical reports have likewise examined various dimensions of this cooperation. For example, analyses have suggested that the agreement could facilitate the expansion of China's economic presence in certain infrastructural and economic sectors of Iran (27). Some analysts also argue that the development of Iran–China relations may affect the region's geopolitical equations over the long term (28).

Political and Security Analysis of the 25-Year Agreement

Beyond being merely an economic arrangement, the Iran–China 25-Year Agreement may be regarded as a strategic response to Tehran’s security challenges. With increasing tensions and sanctions imposed by the United States and its allies, Iran has sought partnerships capable of strengthening its defense capabilities and national security. China’s activities under this agreement in relation to the provision of military and commercial equipment could contribute to the emergence of a new security axis in the Middle East capable of utilizing Chinese military capacities to strengthen Iran’s defensive capabilities. This may indicate a change in the regional security balance and the expansion of Chinese influence as an increasingly consequential power in the Middle East.

Economic Analysis and Sustainable Development

Chinese investment in Iran could serve as a catalyst for economic growth and sustainable development. Given Iran’s structural economic problems, such investments may facilitate industrial modernization and productivity enhancement. Particularly in the energy and petrochemical sectors, Iran–China cooperation aimed at improving technology and reducing costs could have substantial positive effects on exports and strengthen Iran’s economic position in global markets. In addition, if projects are effectively managed, they could contribute to job creation and the improvement of social infrastructure, including health and education.

Geopolitical Analysis and Great-Power Competition

From a geopolitical perspective, the Iran–China agreement may be regarded as a factor intensifying competition among major global powers. The agreement could increase tensions between the United States and China and generate new competition, particularly in the economic and energy spheres. Given China’s strong need for energy security and U.S. efforts to contain Iranian and Chinese influence in the Middle East, the agreement could become a turning point in international relations. Expanded Iran–China cooperation may not only strengthen bilateral relations but also influence the distribution of power at the global level.

Potential Implications for Regional Security

Over the long term, closer ties between Iran and China may bring about significant changes in the collective-security environment of the Middle East. The rapprochement between the two countries may prompt the Arab states of the Persian Gulf and Western countries to reconsider their security strategies and foreign policies. Furthermore, the agreement may play an important role in altering the regional balance of power, strengthening new alliances, and encouraging regional powers to adopt new approaches toward Iran and China.

Overall, the Iran–China 25-Year Agreement is influenced by a range of political, economic, and geopolitical factors and could produce profound and wide-ranging consequences for regional and international structures. Because the agreement also faces various obstacles and challenges, more in-depth analyses of its implications for international relations and regional policies appear necessary.

Conclusion

The objective of this study was to examine the dynamics of Iran–China energy relations and their reflection in Beijing’s Middle East strategy, with emphasis on the 25-Year Comprehensive Strategic Agreement during the period

from 2008 to 2021. The findings indicate that energy relations have played an important role in shaping and expanding economic interactions between the two countries and have created opportunities for the development of long-term cooperation. In this context, the emergence of frameworks such as the Iran–China 25-Year Comprehensive Strategic Agreement can likewise be analyzed against the background of these economic and energy-centered interactions. Trends associated with energy security and China’s policy of diversifying its energy supply sources have also given Iran a significant position in certain energy-centered dimensions of Beijing’s Middle East calculations. Overall, the findings demonstrate that energy cooperation, as one of the most important dimensions of Iran–China relations, plays a significant role in explaining Iran’s position within Beijing’s regional approach.

Strategies and Recommendations

1. Strengthening Iran’s Position in China’s Energy Market under Sanctions

The continuation of sanctions-related restrictions has affected Iran’s role in the global energy market and has, to some extent, constrained the country’s export capacities. Under such circumstances, taking advantage of opportunities arising from China’s increasing energy demand could help redefine Iran’s position in the East Asian energy market. Given the continued growth of China’s oil imports and its need for a stable supply of energy resources, countries possessing substantial energy reserves can use this trend to maintain or strengthen their share of the Chinese market.

2. Maintaining and Strengthening Balance in Energy Relations with China

The continuation of energy cooperation between Iran and China requires the establishment of a stable and predictable framework for economic interaction. Consolidating Iran’s position as a potential energy supplier in West Asia may be important within China’s policy of diversifying energy sources. In its energy policy, China has sought to reduce dependence on a limited number of suppliers and strengthen its energy security by expanding relations with multiple countries.

3. Capitalizing on China’s Energy-Diversification Policy

China’s energy policy is based on expanding the geographical diversity of energy-supply sources. Within this framework, energy-producing countries in the Middle East play an important role in meeting China’s long-term requirements. Iran can likewise benefit from this policy by developing models of economic and energy cooperation and creating conditions for sustained interaction in order to strengthen its economic and energy relations with China.

4. Developing Economic and Financial Mechanisms for Energy Cooperation

Sustaining energy cooperation among countries under conditions of international constraints requires diversified economic and financial mechanisms. Establishing financial instruments and economic mechanisms compatible with prevailing conditions in the international system can contribute to the continuation of economic and energy cooperation and reduce operational risks associated with external restrictions.

5. Expanding Technical and Infrastructural Cooperation in the Energy Sector

Cooperation in technical, infrastructural, and energy-related technological fields can constitute an important avenue for strengthening economic relations between countries. The development of energy infrastructure, technology transfer, and improvements in energy-sector efficiency are among the areas that can facilitate the expansion of long-term cooperation between Iran and China. In addition to strengthening energy production and transmission capacities, such cooperation can create new opportunities for broader economic interaction.

Acknowledgments

We would like to express our appreciation and gratitude to all those who helped us carrying out this study.

Authors' Contributions

All authors equally contributed to this study.

Declaration of Interest

The authors of this article declared no conflict of interest.

Ethical Considerations

All ethical principles were adhered in conducting and writing this article.

Transparency of Data

In accordance with the principles of transparency and open research, we declare that all data and materials used in this study are available upon request.

Funding

This research was carried out independently with personal funding and without the financial support of any governmental or private institution or organization.

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