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Sino-Iranian Relations and Their Impact on South and Central Asia

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In July 2020, a draft text of a series of Sino-Iranian agreements outlining a comprehensive 25-year strategic partnership between Iran and China was leaked. The leaked text accords presaged the formal accords signed in 2021 whose text has not been released. These agreements fundamentally transformed Sino-Iranian relations and also converted the Middle East into another theater of the global Sino-American confrontation. That latter consideration shows that the significance of these accords transcends the Middle East. Although most Western commentary naturally emphasize the Sino-American and Middle Eastern repercussions of these accords, we cannot neglect their no less enormous impact on Central and South Asia and focus on those unduly neglected issues.

China's agreement to the terms, as leaked—\$400 billion in investments in Iran over 25 years, particularly in large scale transportation energy, infrastructure, telecommunications, projects, and access to Iranian ports—signified a vast expansion of China's policy of forming a global network of partnerships with countries wary of American dominance. Even if this is more a declaration of intent than what will actually happen, the parties' intentions are clearly serious. The agreements also stipulated that these programs would come under the administrative rubric of the Belt and Road Initiative (BRI), China's signature policy, and very much a Chinese-directed series of projects.

Commitments on this scale also clearly denote a major new strategic orientation by China and

Iran. Even observers who underplay these revelations like Jonathan Fulton, a Non-Resident Senior Fellow at the Atlantic Council, concede their dramatic impact on Sino-Iranian relations and world politics more generally. This is particularly significant as China does not cavalierly establish comprehensive strategic partnerships (CSP) with other states. For example, China has signed such agreements with other Gulf states like Saudi Arabia—so signing one with Riyadh's main Middle Eastern revival cannot have been a routine or impulsive decision. Neither will its impact be restricted to the Gulf and Middle East. A CSP is (or was, before the February 2022 agreement with Russia) the highest level in China's hierarchy of diplomatic relations. In a CSP, the partner states commit to the "full pursuit of cooperation and development on regional and international affairs." Since Beijing does not offer this level of partnership easily, as Fulton has also observed, a state receiving that status must be perceived by China as playing an important political and economic role internationally, and the bilateral relationship must already feature a high level

of political trust, dense economic relations, and a strong, well-established relationship in other areas.

The specific terms of the Sino-Iranian accords are breathtaking in their scope. By stating its intention of investing \$400 billion in Iran over 25 years, China displays its belief that it can defy the U.S. sanctions upon Iran and countries dealing with it, along with U.S. policy towards Iran. Moreover, the gains accruing to it from this defiance outweigh the costs, which will undoubtedly include new sanctions. Thus, the Chinese scholar of the Middle East, Fan Hongda, warned in an authorized newspaper article

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that there could be a point in the downward spiral of U.S.-Chinese relations at which China would no longer regard the potential cost of violating U.S. sanctions as too high. And that China is less and less constrained by U.S. factors when considering its diplomacy with Iran.

China, like Russia, evidently also believes it can continue to have strong relations with many if not all Middle Eastern states, despite ostentatiously throwing in its lot with Iran. Whether that Chinese

Stephen J. Blank is Senior Fellow at the Eurasia Program of the Foreign Policy Research Institute and a former Professor of National Security Studies at the Strategic Studies Institute of the U.S. Army War College. The views expressed in this essay are his own.

calculation will be realized in regard to such enemies of Iran like Israel or Saudi Arabia remains to be seen. But, as shown below, these accords also strike substantial blows against Indian and even Russian interests in Central and South Asia.

Likewise, the economic scope of the agreements is equally breathtaking. China will build about 100 different projects in Iran, including high-speed railways and subways, free trade zones in Maku, Abadan (where the Shatt-Al Arab River flows into the Persian Gulf), and on the Gulf Island of Qeshm. China will also build infrastructure for a 5G telecommunications network, offer its Beidou satellite and accompanying Global Positioning System (GPS) to enable Iran to assert more control over its cyberspace, as China has already done. Even if some analysts, like Fulton, are skeptical about some of the grander economic and strategic claims made on behalf of an accord between these two powers, they accept that this deal will have serious repercussions in areas be-

yond the Middle East, e.g., South Asia. In other words, this accord has significance not only for but beyond the Middle East and the Gulf region.

At the same time these deals presage an enormous expansion of BRI through Iran into the greater Middle East. In this context, the enhancement of the quality of Iranian telecommunications also greatly strengthens Iran's ability to thwart U.S., Israeli, and Western initiatives to block its nuclear program and defend against cyber threats.

Expanded Power Projection

But while these agreements underscore a massive upgrading of China's influence in the Gulf and Middle East, commentary on these accords has neglected their substantial repercussions in South and Central Asia affecting India, Central Asia, and Russia. So, while the most consequential repercussions of these agreements are that they underscore a major enhancement

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of China's overall political, economic, and military position in the Gulf and Middle East and portend an alliance with Russia and Iran in the Middle East, we must also state that this greatly expanded power projection capability pertains as well to South and Central Asia, and to Sino-Indian and Russian relations as well.

In addition, the scope of China's recent moves in these latter theaters suggests a rather deliberate strategy to augment Chinese presence, influence, leverage, and power at the expense of actual and/or potential rivals, namely India and Russia. Of course, those multi-regional consequences also challenge not only local and regional governments' interests but those of the U.S. and its allies as well. In other words, the sheer scope of the impact of this Sino-Iranian deal on the Middle East, South and Central Asia, including India and Russia, tends to confirm the highly strategic nature of China's overall policies towards these regions, making Chinese policies to be more than opportunism and improvisation.

Moreover, China's strategy comprises combining economics with geopolitics; and the multiple objectives of each aspect mutually reinforce each other. These economic and strategic goals comprise exporting excess capacity and overproduction in steel and coal; consolidating supply lines of energy resources and food; controlling China's restive Xinjiang region; the global dominance of Chinese economic value chains and production standards; creating advantages for Chinese corporations and technologies; and extending diplomatic leverage and influence, thereby subordinating many nations to China's preferences and interests. So, the Belt and Road Initiative is clearly a grand strategy, mobilizing the Indo-Pacific and Eurasia, and making China a global power on par with the United States, perhaps even at the center of a new world order.

Neither does China exclude military considerations. In July 2019, Defense Minister Wei Fenghe told Caribbean and South Pacific defense officials that China stood ready to deepen military cooperation

with them “under the framework of the Belt and Road Initiative.” Other observers, like Director of the Atlantic Council’s Scowcroft Center Barry Pavel, have also noted the military-strategic connotations of BRI. China’s newly enhanced maritime access across the Indian Ocean and Middle East into Europe will be used for classic great-power nationalist geopolitical and military purposes, including political influence and a wide range of military objectives such as Intelligence, Surveillance, and Reconnaissance (ISR); Command and Control (C2) of military forces in exercises, in shows of force to deter U.S., European, and Gulf military action, and, potentially to target U.S., Gulf, and European forces.

These agreements have been long in the making and derive from a long-term process of growing Sino-Iranian ties. Indeed, successive Iranian defense ministers have advocated closer military cooperation and partnership with Russia, India, and China to rebuff NATO enlargement and the deployment of U.S. missile defenses to the Mediterranean and Black Seas.

Once Xi Jinping visited Iran in 2016, negotiations for this series of agreements began in earnest. Meanwhile, China’s economic involvement with Iran also expanded

by an order of magnitude. By 2018, China had become the largest buyer of Iranian crude oil and a major investor in the South Pars gas field. China has also stated and executed its intention to replace Western firms as they left Iran due to sanctions, and to fill any U.S. or Western-made vacuum in Iran and the Middle East.

Consequently, there is every indication that the Sino-Iranian 2021 agreements mark a qualitative and multi-dimensional step forward in realizing Tehran’s and Beijing’s intentions—intentions that have been earlier expressed and realized in policy. Therefore, these accords stand upon a well-developed foundation of previous relations and point, from the Western perspective, ominously to the future. More critically, they also create “new and dangerous flashpoints” in the Sino-American confrontation while also striking directly at Washington’s Iran policy.

South and Central Asian Repercussions

The mere announcement of these accords has also already affected major power relationships in South and Central Asia. Immediately after leaking these

agreements Iran renounced a major deal with India, seemingly going it alone on building the \$1 billion 628 km railway from Iran’s Chah Bahar port to the city of Zahedan, located near Iran’s border with both Afghanistan and Pakistan (allegedly due to delays in Indian funding). The railway was intended to be part of a massive north-south trade route known as the International North-South Transport Corridor (INSTC), a multi-modal 7200-km trade and transportation corridor from Iran north to Central Asia and Afghanistan as well as Russia.

Obviously, INSTC is another of those grand designs for inter-continental trade to strengthen global economic integration and integration in Central Asia itself and with external major players like Russia and India. Russian planners originally thought that China could benefit from INSTC, but BRI negated that expectation. India saw INSTC as an import-export route to Russia and Central Asia, a way of reaching Central Asia without depending on Pakistani forbearance (which is currently inconceivable), and as a means to jumpstart significant growth for India’s overall foreign economic and trade relations. So, it agreed to invest \$365 million to develop the deep sea port of Chah Bahar on the Indian Ocean

only 300 km from Pakistan’s hub at Gwadar, which is the site of a major Chinese BRI project.

This project began in the 2000 Indo-Russo-Iranian accords to build transportation networks to connect these states, and Central Asia with European markets. It languished until 2015 when the signing of the JCPOA (Joint Comprehensive Plan of Action) on the Iranian nuclear program broke the sanctions imposed by Washington and allowed work to go forward. Indian commentators like Meena Singh Roy wrote then that ending sanctions on Iran opened up possibilities for revitalizing the INSTC project.

Although India and Iran resumed active discussion of large-scale Indian investment in the project, the restoration of sanctions when the United States withdrew from the JCPOA, the lack of European investment in Iran, and India dilatoriness, has held the project back and retarded investments by India, which does not want to run afoul of Washington even though it had gotten a waiver previously for INSTC. Moreover, INSTC remains more an idea than a real project. It lacks a mechanism for addressing operational issues on the ground—e.g., funding infrastructure problems and customs

procedure disputes. There is also a lack of common border crossing rules, weak container trade, and multiple rail and transit problems that hinder trade; and, of course, there is the uncertain Afghan situation. All these issues impede realization of the INSTC vision.

So, while BRI is moving forward, INSTC remains essentially on the drawing board and may well never come off that board. Therefore, it appears that Chinese influence has undermined India's efforts to push into Central Asia (not surprisingly given the current Indo-Chinese tensions). This should

not come as a surprise since BRI has, from its inception, carried an anti-Indian orientation even before the most recent upsurge in fighting between India and China in the disputed Himalayan border zones. So, the impact upon India of these accords is quite consistent with the preceding thrust of Chinese policy. Neither is this likely to be a coincidence.

Since the Sino-Iranian accords involve some \$400 billion in Chinese economic investment over a quarter of a century, give China a major role

in modernizing Iranian railroads, ports, 5G networks, and telecommunications generally, Iran may also expect that China might fund this railway. In return for discounted supplies of Iranian hydrocarbons for the next 25 years, Iran apparently now counts on China to replace India in this and other projects. While India has sent high-level delegations to Iran to salvage the situation, a Chinese railroad there clearly throws a spoke into the Indian wheel and simultane-

China's deal with Iran undermines Indian policy in general and particularly in regard to Pakistan and Central Asia whilst also bringing Iran into CPEC.

ously undermines Russia's prospects as well as INSTC. Since both India and Russia regarded China as "the elephant in the room" and saw INSTC as their counter to BRI, this Iranian investment places major complications in the way of materializing INSTC, and thus both countries' efforts to counter BRI with something tangible rather than mere words on paper.

Thus, and this is not unusual, China's major deals with one or more country along the BRI route lead it deeper into regional politics and processes—something it is apparently willing to undertake in order to enhance its presence in Iran and Central Asia and thwart India. China's deal with Iran undermines Indian policy in general and

particularly in regard to Pakistan and Central Asia. Pakistani sources characterize this deal as bringing Iran and Pakistan closer together, as it incorporates Iran into the China-Pakistan Energy Corridor (CPEC) whose value has grown from \$46 billion to \$62 billion.

Greater Iranian-Pakistani cooperation has been a goal of Pakistani President Imran Khan since 2018. This collaboration will also allow all three countries—i.e., Iran, Pakistan, and China—to collaborate more effectively in reducing the threat posed by anti-Chinese Baloch separatists who have regularly targeted Chinese infrastructure projects along the Iran-Pakistan border and enhance collaboration against the Jaish Ul-Adl

militant group that plagues Iran and which Tehran believes Pakistan has assisted. Iran-Pakistani cooperation in and of itself thus helps the internal security situation in both countries and adds security to Chinese investments in both states.

Moreover, diminishing India's role at Chah Bahar may enhance the role of Pakistan's port at Gwadar, which

is a centerpiece of BRI, and allow China to be the sole de facto manager of both ports. Lastly, Iran's incorporation into BRI will probably help Pakistan confront its perennial energy crises, as Iran can export oil, gas, and electricity to Pakistan at low rates and the still-delayed Iran-Pakistan-India (IPI) pipeline may well move forward as well. In this context, worth mentioning is the fact that China's Petroleum Pipeline Bureau (CPPB) has long since expressed an interest in working on

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the remaining part of the IPI from Gwadar to the Iranian border. Meanwhile Iran is also discussing an LNG pipeline to China in the context of CPEC. And trilateral economic cooperation will also allow Pakistani-Iranian trade to grow to a potential \$5 billion. On top if that, Pakistan can use China's banks to support this trade thus helping Iran evade Western sanctions.

Trilateral cooperation between China, Pakistan, and Iran will inevitably diminish Indian influence and presence in the Gulf, Central Asia, and even the Indian Ocean given China's growing network of

ports in the region. Since Pakistan has embargoes Indian shipments to Afghanistan and Central Asia originating in the Iran port of Chah Bahar, China not only deprives India of a crucial strategic vantage point and lever of influence in Central Asia—since that port is and was crucial to any Indian seaborne foreign and commercial policy, especially in Central Asia—it also deprives India of means of competing with CPEC, which it opposed. And as the ports of Gwadar and Chah Bahar have signed “sister ports” MOUs, their inclusion in China’s “string of pearls” will certainly further enhance cooperation between them and likely result in more Chinese investment. Thus, this deal will certainly intensify Indo-Chinese tensions that will rebound to Pakistan’s benefit and help it exclude a direct Indian access to Afghanistan and the rest of Central Asia—an exclusion that could become all the more troubling for India as the Taliban (which Iran, Pakistan, and China support) consolidate power in Afghanistan.

Neither is it unusual for China to undercut Russia’s grand Eurasian designs. As Pavel Baev observed in

China is utterly self-interested and relentlessly subordinating Russian interests to its own goals as well as being driven by a more genuine market logic that respects economic realities.

September 2020: “any progress in advancing plans for Eurasian cooperation depends upon a readiness to invest in joint projects. China has been working diligently on executing President Xi Jinping’s trademark Belt and Road Initiative, reassuring Russia of its benign intentions; but at the same time, Beijing has so far seen little need to cut in Russian partners.” This still appears to be the case. Indeed, for all the talk of a grand Eurasian partnership between China and Russia, this has been the fact all along. Despite Russia’s enforced official optimism that BRI is fundamentally different from Russia’s integration efforts in the former Soviet Union, or that these projects are complementary, the evidence suggests a third alternative: China is utterly self-interested and relentlessly subordinating Russian interests to its own goals as well as being driven by a more genuine market logic that respects economic realities.

Thus, a 2020 analysis of the rail component of BRI by Singapore-based scholar Shang-su Wu makes it clear that China has deemphasized the railway element

of BRI through Mongolia to Europe because it would bring “potential rival” Russia into play and give Moscow a possible veto over such Sino-European rails transport and trade. Similarly, for a variety of technical reason—e.g., differing rail gauges, state policies—Central Asian states’ railway progress to Europe can go through Russia or link up with trans-Caspian shipping or INSTC to thwart the clear Chinese intention to make BRI the premier rail venue for trans-continental shipping in the Silk Road region. Therefore, buying into this railway from Chah Behar and neutering INSTC is clearly a strategic move to reduce not only India’s but also Russia’s ability to challenge China in Central Asia and, in turn, to have leverage over BRI.

Indeed, if Russia represents the most likely commercial “gateway” to Europe for China and a potential geo-economic and geostrategic rival, negating its projects and curtailing its reach into Central and Southwest Asia makes eminent sense for a China on the march. Nevertheless, Russia has not yet altered its course for an alliance with China against America in which China inevitably will play the leading role—the likely consequences of the conflict over Ukraine dramatically increase the odds of this strategic trajectory.

Furthermore, Moscow has tried—inconsistently, to be sure—to fashion alternatives to BRI. The greater Eurasia concept outlined by Putin in 2015 was one such example; a second has been the subsequent championing of cooperation with China on BRI. But a third was INSTC which, if developed, could have become a real competitor for BRI in bringing India, Iran, and Central Asia closer to Russia and giving them more scope for independent international trade and economic power. Since Moscow, despite its cooperation with China, keeps saying it will not play second fiddle to China (although that is clearly what is happening), it valued INSTC and cooperation with India: this was and remains a balancer for China in Asia from Moscow’s standpoint whilst also offering Russia a valuable strategic instrument for connecting with the Gulf and Indian Ocean.

In 2014, Chinese investors announced interest in a high-speed Moscow-Kazan railway that would go to Beijing. Yet while the original memorandum of understanding envisaged the route passing through Siberia, China later revealed that the line would go instead from Kazakhstan’s capital Astana (subsequently renamed Nur-Sultan) through China’s Xinjiang, bypassing Russia and

cutting travel time by two-thirds. And this is supposed to be a “model project of Russo-Chinese cooperation.” Other options for Sino-European trade likewise bypass Russia altogether, going instead through Central Asia and the South Caucasus. More broadly, given that maritime intercontinental trade from which Russia is absent remains vastly cheaper than overland trade, land routes account for less than 1 percent of total cargo between China and Europe.

To be sure, Russia has brought some of this on itself by failing to reform its economy and expand both domestic and foreign investment in its territory and in Central Asia. In particular, Moscow has been wary of investing in infrastructure projects, for all the big talk about grandiose projects like INSTC and the concept of a greater Eurasia. Moreover, Russia also has a rather unfortunate history of abandoning its own infrastructure commitments in mid-stream, leaving countries like Kyrgyzstan and others in the lurch. Indeed, as the Lowy Institute’s Bobo Lo wrote recently in a paper

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commissioned by the French Institute of International Relations regarding the Kremlin’s Greater Eurasia concept, “there is little evidence so far that it is up to the task. Today, Greater Eurasia is more anti-project than project, an expression of Russian animus toward the liberal international order rather than a serious blueprint for global governance.”

These Russian failings, which appear to be intrinsic to its system, are one reason to explain why Sino-Russian economic collaboration outside of energy has been so disappointing. But in fact, it appears quite evident that China does not have, if it ever did, a genuinely collaborative vision of Sino-Russian economic cooperation in Eurasia. China has flatly refused to take up any of the 40 transportation projects that the Eurasian Economic Union—Moscow’s central project for Eurasian economic integration—has so far put forward, and it should be noted that Russian Foreign Minister Sergey Lavrov was conspicuously absent at the July 2020 BRI conference in Beijing. Instead, Russia appears to have promoted

engagement with India which, it thought, could act both bilaterally and regionally with Central Asian states instead of going through the BRI mechanism. Russia also obviously counted on INSTC and the Ashgabat Agreement, in force since 2016, which has been defined as a “multimodal transport agreement signed by the governments of Kazakhstan, Uzbekistan, Turkmenistan, Iran, Pakistan, India, and Oman to create an international transport and transit corridor facilitating transportation of goods between Central Asia and the Persian Gulf.”

However, by virtue of the agreements with Iran, China has essentially undone both India and Russia’s aspirations for an independent economic base for such grandiose transportation and infrastructure projects in Eurasia. Thus, beyond ejecting India from a major Central Asian project and sundering its expected links to those states, Chinese moves have also undercut Russia’s grand design for a north-south transport corridor with India. This has left BRI and its “coordination” with Moscow, another move that reinforces Russian dependence on, or even subordination to, China.

The Importance of Roads and Ports

Other economic trade and investment issues also have strategic significance for China’s ties to Iran, Central Asia, and the Middle East. The scale of envisaged Chinese investments in Iran will likely lead to a noticeable upsurge of Chinese private security firms or military companies in Iran. The figure of up to 5,000 Chinese security personnel has duly been mentioned. But the building of roads also encompasses military uses as does the real possibility that Iran, like Sri Lanka and seven other countries, will fall into a debt trap to China that then has China taking over strategic facilities in return for writing down or writing off sovereign debt. Here it is worth looking at concurrent Chinese initiatives in the vicinity of Iran. Among the countries in danger of falling into that debt trap are Kyrgyzstan and Tajikistan, where China is either taking over territory, building military bases in Tajikistan, or angling for control over Kyrgyz railways. Thus, it is not surprising that merely announcing these accords triggered an outbreak of the highly developed Iranian sense of nationalism, charging the government with “selling off” parts of the country.

Other examples of these accords' impact beyond the Middle East and the Gulf or the Indian Ocean Region also merit consideration. In this context, the many reports that began to surface in 2020 that China is offering the Taliban large investments in energy and infrastructure projects in return for the Taliban concluding peace with the Afghan government should be seen as more than economic inducements for peace in Afghanistan. One of these reports indicated that China would commence building a major six-lane highway road network across Afghanistan. This has grown in salience since the August 2021 Taliban takeover of the country. China has also worked with Pakistan to express concern about a "potential terrorist resurgence" once U.S. troops leave Afghanistan, despite Pakistan's long-running encouragement of those selfsame groups.

While it is incontestable that a modernized and expanded road network that permits cross-country transportation and access to neighboring countries and benefits large investors like China can enhance trade, investment, and overall connectivity, we cannot remain oblivious to the obvious strategic advantages of this proposed network—especially in the context of the grand strategic design outlined above.

Not only would this road network facilitate regional trade with Central Asia, it also would undoubtedly connect directly to Iran and permit direct land access from China to Iran to accompany China's considerable maritime presence in the Indian Ocean and the Gulf. This land access to both Central Asia and Iran would admirably serve as a means of rapidly transporting land power—i.e., army forces and components for air and/or missile bases, should China or Iran ultimately desire them.

This network would therefore admirably serve as a means for China to project direct force into Afghanistan, Central Asia, or Iran—if needed. Since China is already beginning to project forces into Tajikistan and Afghanistan, there is good reason to watch these road projects very carefully.

But the agreements enabling a Chinese presence in Iranian ports is even more consequential. Since foreign ports are contractually bound to serve as military ports for China, there should be little doubt that contractors on these road and telecommunications projects would similarly be obligated, given China's past record on its foreign projects. Thus, in addition to an enhanced ability to project land and naval forces if not components for air

and missile operations, China, through its telecommunications projects—e.g., using Huawei—could soon possess the capability to project informational influence and power into Central Asia, Afghanistan, and Iran. Therefore, from this vantage point it seems quite clear that we are witnessing the gradual unfolding of this comprehensive economic-military-informational strategy buttressed by Chinese diplomacy and power throughout the entire expanse of Central Asia. Moreover, we are only in the early stages of this grand design. For example, Uzbekistan's decision to ship its seaborne foreign trade through Pakistani ports enhances the role of the port of Gwadar and potentially China's presence there, and thus, indirectly at least, its potential leverage over Uzbekistan.

Equally importantly, beyond enhancing Iran's defense capability, the agreements also grant China access to Iranian ports. Thus, everything we know about the Sino-Iranian accords also point to an increase in China's overall power projection capabilities, i.e., not only

In addition to an enhanced ability to project land and naval forces if not components for air and missile operations, China could soon possess the capability to project informational influence and power into Central Asia, Afghanistan, and Iran.

in the military sphere. Specifically, China will gain access to two ports along the coast of the Sea of Oman. A Chinese presence at Jask, located just outside the Straits of Hormuz, gives Beijing unprecedented access to the Gulf and a listening capability there. This presence not only fits with BRI, but it is also part of China's "string of pearls" network of ports that connects its shores through Southeast Asia, Gwadar in Pakistan, and Hambantota in Sri Lanka all the way to Djibouti in the Horn of Africa.

China has also bought ownership of the ports of Kumkort (Turkey's third largest port), Haifa, and Piraeus as well as equity in the ports of Rotterdam, Hamburg, and Antwerp. Although this network of ports obviously has intrinsic economic-political implications, this network has hitherto lacked a connection to the Gulf.

In Sri Lanka's case, the Hambantota concession was so onerous that the government could not meet its bills, fell into China's debt trap, and had to surrender ownership to China. But ownership

is not the only question here. Israel's sale of the port of Haifa alarmed U.S. officials and was one reason for U.S. Secretary of State Mike Pompeo's March 2019 trip to Israel since Haifa was a British army base during the British Mandate in Palestine and could be used in a similar capacity by the United States, if necessary. In fact, America's FY 2020 National Defense Authorization Act specifically stated that

the United States has an interest in the future forward presence of United States naval vessels at the Port of Haifa in Israel but has serious security concerns with respect to the leasing arrangement of the Port of Haifa as of the date of the enactment of this Act; and should urge the Government of Israel to consider the security implications of foreign investment in Israel.

This military concern applies now throughout the entire expanse of this Chinese string of pearls and is, from the American perspective, well warranted. Although there is as yet no sign of any military impact due to these Chinese acquisitions of foreign ports, the Center for Advanced Defense Studies (C4ADS), a Washington, DC-based think tank, reported in 2018 that Chinese law obligates all Chinese-owned commercial ports to provide logistical support for the PLA if needed. Indian analysts

worry about this with regard to Pakistan and China's presence at Gwadar, but American concerns should go beyond Gwadar to embrace the entire Indian Ocean Region and the Middle East—now that Iran is in the picture.

Taken in the context of the unrelenting buildup of China's naval, amphibious, and power projection capabilities, the expansion of China's existing port network in the Indian Ocean at Djibouti and now into the Mediterranean through these ports, can only arouse even greater concern in Washington, the West, and across the Middle East. This program of acquiring ownership status in key foreign ports must also be viewed in the context of China's military-civil fusion program. When examined through this lens, it becomes clear that these acquisitions represent both economic and potential strategic objectives that are inextricably tied together. The acquisition of foreign ports represents a leadership preference for leveraging China's growing foreign commercial presence. Indeed, that fusion process is also now law, since Chinese-made civilian infrastructure projects, including foreign ones, must fulfill military specifications.

Therefore, there is no reason to doubt that, should China gain port access in the Gulf, it will link up

with its base at Djibouti and other ports it is acquiring in the Indian Ocean Region for both commercial and military purposes. This, in turn, indicates that China's apparent policy is to develop BRI ports with dual-use functionality. Specifically, Beijing appears to seek ports with terminals that can support various types of PLA military operations. Such capabilities include high standard RO-RO features to unload heavier than normal cargo (e.g., armored vehicles), berth depths of at least ten meters (to accommodate warships), cold storage facilities, assembly sites, and heavy-duty reinforced access roads.

Indeed, this civil-military fusion process allows China to build up both sources of power unobtrusively and quickly, if need be, and use its burgeoning port network for whatever purposes are necessary. China already owns two dozen ports in the Indian Ocean Region and roughly the same number in Europe. Thus, it is developing not only a formidable economy and military but also an inter-operability between the civil and military economies with respect to operational logistics.

Such concerns about Iran and China's relations and policies do not stop there. China's efforts to acquire controlling stakes or at least

equity in major ports has gone global. Already by 2017 China had invested \$20 billion in such projects and was seeking allies and markets in 65 countries. The network of ports and other logistical facilities in Europe, Africa, and Asia provides China with a high degree of operational self-reliance and capacity. Control of international supply lines and logistical processes gives a country political leverage if that country is prepared to use these capabilities for political ends. While there are restrictions on European countries and other liberal democracies against using commercial and civilian assets to achieve political ends, no such limitations exist in China. Indeed, it is a crucial part of the country's toolkit to use economic leverage to achieve both economic and non-economic ends.

China's official *Blue Book of Non-Traditional Security* (2014-2015), an annual volume produced by state-sanctioned academics and researchers, states that two of BRI's purposes are to mitigate American-led geopolitical machinations and ideas, and to promote a new international discourse and order that enhances China's national power and soft power. Investment in ports and other assets should be considered in the context of the concept of "strategic support

states,” which came to prominence amongst Chinese strategists earlier this decade. In a 2015 consensus paper of 50 Chinese scholars on China’s periphery diplomacy in the Xi Jinping era, cultivating “strategic support states” is achieved through regional cooperation and providing economic and public goods as China expands westward. According to aforementioned analysis by the C4ADS think tank, one of the principles of cultivating a “strategic support state” is to ensure that “China has the ability and resources to guide the actions of the country so that they fit into its strategic needs.”

There is ample evidence to suggest this is not abstract strategizing by policy wonks. In Pakistan, enormous Chinese investments, such as in the Port of Gwardar, have given the Pakistani economy an instant economic sugar high. But they have also burdened that country with debt that it cannot repay and turned Pakistan into a long-term client state of China’s. A similar situation occurred in Sri Lanka with regards to its Hambantota Port, as mentioned above. Over the past five years, China has invested over \$5 billion in Cambodia, a sum equivalent to about one-quarter of the country’s GDP, in return for Phnom Penh pushing China’s interests in organizations such as the

Association of Southeast Asian Nations (ASEAN). This includes a 100 percent ownership of the Koh Kong New Port. Like Pakistan and Sri Lanka, Cambodia cannot change course while it is caught in a Chinese debt trap. And indeed, its port at Ream is now becoming the latest member of the Chinese port network, replete with a nearby airstrip that could easily give Chinese air coverage over much of Southeast Asia and the Indian Ocean Region.

U.S. officials have claimed to observe a pattern whereby China invests heavily in a state’s critical infrastructure; then it acquires valuable waterfront real estate through a Chinese company, ostensibly solely for commercial activity; and then finally the site becomes part of a larger strategic and geopolitical network of China. This pattern apparently occurred in Ream in Cambodia and could easily be happening in Sri Lanka and especially Pakistan. And it certainly appears to be underway in Iran, depending on the language contained in the actual Sino-Iranian agreements. Meanwhile, strategically the proximity of Ream to an airport under construction by a Chinese company near Sihanoukville on the Gulf of Thailand substantially enhances China’s power projection and overall military power capabilities throughout Southeast Asia and

the South China Sea, not to mention becoming another key element in China’s “string of pearls” in the Indian Ocean. The ensuing threats to India and ASEAN members are quite obvious.

Thus, the creation of this “string of pearls” appears to be well underway from Southeast Asia all the way to Djibouti near the Red Sea. Its Middle Eastern acquisitions are only part of a larger grand design. And given the potential military implications of those acquisitions, this network could substantially augment China’s power projection capability.

Other military challenges are equally conceivable. For example, the Pentagon has reported that Moscow and Beijing are now ready to sell fighter jets, main battle tanks, helicopters, and modern naval capabilities to Iran. In China’s case, this has not yet materialized but undoubtedly Iran continues to seek them. American analysts also have reported about the existence of “triad of disinformation” whereby Iranian, Russian, and Chinese messaging

is following parallel or converging lines against the United States, raising the specter of collaboration in information war against America and its allies.

Thus, China’s forthcoming deals with Iran appear to be part of a larger Chinese strategy for enhancing its economic, political, and ultimately military presence in the Middle East and Central and South Asia. This pattern of going from economic presence through political influence to enhanced defense capabilities fully comports with China’s Arctic policies, for example, and appears to be a pervasive pattern of contemporary Chinese grand strategy.

And as befits a comprehensive strategic design, this network of infrastructural investments also reaches into information and communications as well. Cyberspace and the so-called Digital Silk Road link all these roads and ports together through cyber and satellite communications and reconnaissance that also include fiberoptic cables, projects where companies like Huawei play

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a major role. The data from these linkages goes into China's "big data" technology infrastructure and lend support to next-generation artificial intelligence (AI) technologies that China seeks to dominate.

These and other aspects of the Digital Silk Road also include the export of AI and other information technologies to promote China's surveillance state techniques abroad. In this light, it appears that BRI will increasingly serve as a conduit for the export of surveillance techniques and technologies that in all too many instances can be characterized as truly Orwellian. This, of course, is anathema to the Western conception of governance. For example, Chinese companies like Huawei, Hikvision, and Dahua—all three are included on America's restricted entity list—supply AI surveillance technology to over 60 countries, nearly 40 of which are part of the Belt and Road Initiative. Indeed, Huawei alone provides AI surveillance technology to at least 50 countries worldwide.

China's Smart Cities and Smart Ports programs also strive to centralize vast realms of data into a centralized platform to boost economic activity and efficiency. This program and similar Chinese technology export programs pervade the Silk Road region to a consider-

able degree. It seems reasonable to suppose these will extend into Iran as a result of the Sino-Iranian accords, which would thereby consolidate the linkages emanating from China through Central Asia to Iran and vice versa. In and of itself, these appear to be in the service of entirely legitimate development goals.

And, in a sense, they are. However, such and similar programs also provide terrestrial, cyber, and space linkages that fuse commercial and military activities and data together. Therefore, BRI integrates dual-use infrastructure, Smart Ports and Cities, and space and digital systems, which clearly goes far beyond what the West would consider to be the advancement of economic influence.

Beijing's BRI strategy bolsters its technological, economic, political, and security interests, which taken together means that China is increasing its rule-setting power—something that the European Union, in its own way, has also indicated is a priority (and this has caused it to work closely with the United States in some regulatory domains like data flows and the privacy issues they inevitably raise). Thus, BRI can be seen as an instrument for advancing these Chinese strategic goals but also through the various technological advantages

embedded in the Digital Silk Road and Space Information Corridor. Therefore, we must see these ports and neighboring industrial clusters to which China may now be getting access as constituting "strategic strongpoints," as, in fact, many Chinese analysts call them.

Ramifications

The evidence presented in these pages tends to confirm two main points. *First*, that a major component of China's overall geostrategy, at the center of which stands BRI (understood as possessing dual-use functionality), is to assume a leadership role in establishing a new global political and economic order in opposition to what its proponents call the "rules-based liberal international order." *Second*, that China's agreements with Iran, which are intentionally characterized by non-transparency, will almost certainly have significant repercussions for India, Pakistan, and Central Asia.

This clearly reflects China's far-reaching strategic ambitions. Whether these ambitions can be fully realized, only partially realized, or, less likely, fail to be realized remains a question for the future. Still, there can be no doubt that China is already heavily

involved in shaping the domestic agendas of BRI states. It seems likely that this presence will grow in the time ahead, together with the implementation of BRI. Indeed, as Bruno Maçães writes in his *Belt and Road: A Chinese World Order* (2020), Cambodia's Sihanoukville, the home of a projected airport and the base at Ream, is already a Chinese city. Meanwhile, he adds, BRI provides the overarching framework for Pakistan's every economic policy and project as well as its policy decisions and reforms.

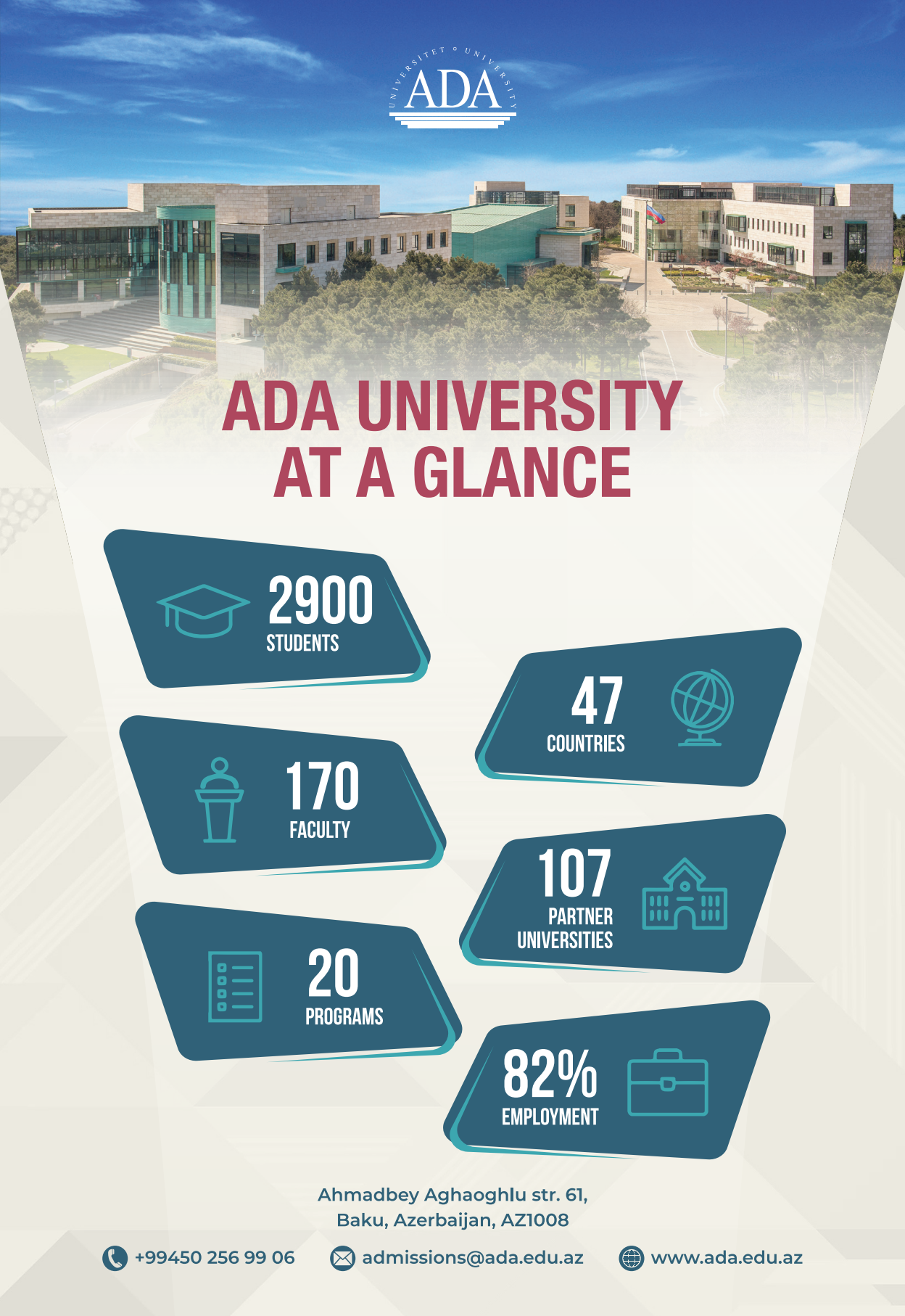
At the same time, this essay also raises many questions revolving around the Sino-Iranian agreements, the chief of which is how these will affect not only the Middle East but also Central and South Asia. These same agreements also force us to consider the potential prospect of trilateral strategic coordination between China, Russia, and Iran—and even the possibility that this could rise to the level of a de facto alliance in the time ahead. This, in turn, compels us to think about the implications of that possible new formation for international politics in the regions under consideration and, indeed, globally. In that context, the examples provided here show that despite the intimacy of Sino-Russian relations, China does not miss an opportunity to subordinate Russian interests

to its own strategic interests. Beijing's behavior in the first month of the latest phase of the conflict over Ukraine reinforces this point. This raises the puzzling question of why, despite China's repeated exploitation of Russia, Moscow continues to adhere to it and bind itself ever more closely to Beijing. The last question concerns the extent to which Chinese strategic ambitions, the execution of which centers on BRI, can ultimately succeed.







Such and similar questions are no cause for lament, but rather constitute an acknowledgement of the open-ended character of contemporary international relations and their complexity, whereby regional and global strategic issues meld and intertwine in myriad

and multiple ways. Given China's actual and potential power as well as the already visible aggressiveness of its policies, the issues raised here and elsewhere mean that the questions raised here and elsewhere might emerge from this and related analyses will preoccupy us for a long time to come. The issues raised by China's negotiations for an agreement on the scope discussed in these pages are already transforming regional relationships and processes in the Middle East as well as in South and Central Asia. This essay has already raised some of these issues, but what it also shows is that Sino-Iranian relations and their ramifications will influence global processes and relationships for years, perhaps decades to come. **BD**




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